

REFERENCE TITLE: financial transactions; omnibus

State of Arizona
Senate
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SB 1046

Introduced by
Senator Yarbrough; Representatives Brophy McGee, Livingston

AN ACT

AMENDING SECTIONS 6-352, 35-323.01, 47-9102, 47-9105, 47-9307, 47-9311, 47-9316, 47-9317, 47-9326, 47-9406, 47-9408, 47-9502, 47-9503, 47-9507, 47-9515, 47-9516 AND 47-9518, ARIZONA REVISED STATUTES; REPEALING SECTION 47-9521, ARIZONA REVISED STATUTES; AMENDING TITLE 47, CHAPTER 9, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 47-9521; AMENDING SECTION 47-9607, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 47, CHAPTER 9, ARTICLE 7, ARIZONA REVISED STATUTES, TO "2001 TRANSITION"; AMENDING SECTIONS 47-9701, 47-9702, 47-9703, 47-9704, 47-9705, 47-9706, 47-9707 AND 47-9709, ARIZONA REVISED STATUTES; AMENDING TITLE 47, CHAPTER 9, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; AMENDING SECTION 48-2979, ARIZONA REVISED STATUTES; RELATING TO FINANCIAL TRANSACTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-352, Arizona Revised Statutes, is amended to
3 read:

4 6-352. Limitations of obligations to a bank: exceptions:
5 definitions

6 A. A bank may lend to a single borrower an amount equal to not more
7 than twenty per cent of its capital, plus an amount equal to an additional
8 ten per cent of its capital if the additional amounts are fully secured by
9 readily marketable collateral ~~which~~ THAT has a market value, as determined by
10 reliable and continuously available price quotations, at least equal to the
11 amount of the loan. THE CALCULATION OF THE TOTAL AMOUNT OF ALL LOANS TO A
12 PERSON PURSUANT TO THIS SUBSECTION MUST INCLUDE ANY CREDIT EXPOSURE TO A
13 PERSON ARISING FROM A DERIVATIVE TRANSACTION, REPURCHASE AGREEMENT, REVERSE
14 REPURCHASE AGREEMENT, SECURITIES LENDING TRANSACTION OR SECURITIES BORROWING
15 TRANSACTION BETWEEN THE BANK AND THE PERSON.

16 B. A bank shall notify the department the first time it makes a loan
17 in an amount in excess of fifteen per cent of its capital. The notification
18 to the department shall be made in writing and submitted to the department
19 within a reasonable period of time.

20 C. Each bank shall institute adequate procedures to ensure compliance
21 with subsection A OF THIS SECTION.

22 D. The limitations of subsection A OF THIS SECTION do not apply to:

23 1. Obligations incurred by the assignment, endorsement or guarantee of
24 the obligation of a third person, including an agreement to purchase the
25 third person's obligation or the collateral therefor, if the bank has
26 evaluated the financial condition and responsibility of the third person and
27 as a result of such evaluation accepts the obligation in reliance primarily
28 ~~upon~~ ON the third person for payment. In such case the obligations of the
29 third person to the bank shall be the sole applicable limitation.

30 2. Obligations, whether general obligations or payable from revenues
31 or special assessment, of the United States or any agency or instrumentality
32 thereof, a federal reserve bank, a state of the United States or a
33 subdivision, instrumentality or public authority organized under the laws of
34 such state.

35 3. Obligations to the extent they are secured by the guarantee,
36 insurance or other like commitment of the United States, an agency or
37 instrumentality of the United States, a federal reserve bank, a state of the
38 United States or a subdivision, instrumentality or public authority organized
39 under the laws of such state, whether the commitment provides for payment in
40 cash or in obligations described in paragraph 2 of this subsection.

41 4. Obligations to the extent they are secured by any obligation
42 described in paragraphs 2 and 3 of this subsection at the value thereof, not
43 exceeding face value, at the time the obligation to the bank is created.

1 5. Obligations to the extent they are secured by deposits in the bank.

2 6. Obligations ~~which~~ THAT are outstanding in the regular process of
3 bank collection or clearing transactions.

4 7. Obligations of a qualified reserve depository of the bank, unless
5 the superintendent has by specific order excluded or limited the obligations
6 of such depository from the exemption of this paragraph.

7 8. Any obligation created in the sale by the bank of any of its
8 property where the bank retains title, lien or security interest in the
9 property sold to secure the obligation.

10 9. Any obligation under the lease by the bank of any personal property
11 acquired by the bank in collecting an obligation to it or the lease of any of
12 its real property or banking equipment.

13 10. That portion of the obligations of a person to the bank ~~which~~
14 ~~exceed~~ THAT EXCEEDS the aggregate funds paid and the value of property
15 delivered by the bank in creating the obligation.

16 11. Any obligation exempt by rule of the superintendent or arising from
17 the sale of any assets of the bank in a transaction ~~which~~ THAT has been
18 approved by the superintendent.

19 E. If the bank participates in an obligation with another obligee, the
20 limitations of this section shall be applicable only to the extent of the
21 bank's participation.

22 F. If the value of collateral for a loan ~~which~~ THAT is required to be
23 fully secured under subsection A OF THIS SECTION falls below one hundred per
24 cent of the outstanding loan, the loan must be brought into conformance
25 within five business days, except if judicial proceedings, regulatory actions
26 or other extraordinary occurrences prevent the bank from taking action.

27 G. A renewal of a loan or a modification and extension of original
28 repayment terms are not deemed to be a new loan or an extension of credit
29 except in instances in which interest on the renewed loan or extension of
30 credit is capitalized or additional money is advanced.

31 H. Financial instruments may be denominated in foreign currencies
32 ~~which~~ THAT are freely convertible to United States dollars. If denominated
33 and payable in a currency other than that of the loan or extension of credit
34 ~~which~~ THAT it secures, the bank's procedures adopted pursuant to subsection C
35 OF THIS SECTION shall require that the collateral be revalued at least
36 monthly using appropriate foreign exchange rates in addition to being valued
37 at current market value.

38 I. For the purposes of this section:

39 1. "DERIVATIVE TRANSACTION" INCLUDES A TRANSACTION THAT IS A CONTRACT,
40 AGREEMENT, SWAP, WARRANT, NOTE OR OPTION THAT IS BASED ON, IN WHOLE OR IN
41 PART, THE VALUE OF, ANY INTEREST IN OR ANY QUANTITATIVE MEASURE OR THE
42 OCCURRENCE OF ANY EVENT RELATING TO ONE OR MORE COMMODITIES, SECURITIES,
43 CURRENCIES, INTEREST OR OTHER RATES, INDICES OR OTHER ASSETS.

1 ~~1.~~ 2. "Financial instruments" includes stocks, bonds and debentures
2 traded on a national securities exchange, over-the-counter margin stocks as
3 defined in regulation U of the federal reserve board, commercial paper,
4 notes, negotiable certificates of deposit, banker's acceptance and shares in
5 money market and mutual funds of the type in which banks may perfect a
6 security interest.

7 ~~2.~~ 3. "Readily marketable collateral" means financial instruments or
8 bullion ~~which~~ THAT are saleable under ordinary circumstances with reasonable
9 promptness at a fair market value determined by quotations based on actual
10 transactions of an auction or a similarly available daily bid and asked price
11 market.

12 Sec. 2. Section 35-323.01, Arizona Revised Statutes, is amended to
13 read:

14 35-323.01. Investment of government monies in deposits;
15 conditions; definition

16 A. If an investing entity invests in deposits pursuant to section
17 9-492, subsection C, section 15-1025, subsection B, paragraph 7, section
18 35-313, subsection A, paragraph 14, ~~or~~ section 35-323, subsection A,
19 paragraph 2 OR SECTION 48-2979, SUBSECTION D, the investing entity in each
20 case shall invest those monies in accordance with all of the following
21 conditions:

22 1. The monies are initially invested through an eligible depository in
23 this state selected by the investing entity.

24 2. The selected eligible depository arranges for the deposit of the
25 monies in one or more federally insured banks or savings and loan
26 associations wherever located, for the account of the investing entity.

27 3. The full amount of principal and any accrued interest of each such
28 deposit is insured by the federal deposit insurance corporation.

29 4. The selected eligible depository acts as custodian for the
30 investing entity with respect to such deposits.

31 5. On the same date that the investing entity's monies are deposited
32 pursuant to paragraph 2 of this subsection, the selected eligible depository
33 receives an amount of federally insured deposits from customers of other
34 financial institutions equal to or greater than the amount of the monies
35 initially invested by the investing entity through the selected eligible
36 depository.

37 B. Monies invested in accordance with all of the conditions prescribed
38 in this section are not subject to any security or collateral requirements.

39 C. For the purposes of this section, "investing entity" means this
40 state, a political subdivision, the governing body of a municipality or the
41 governing body of a school district.

42 Sec. 3. Section 47-9102, Arizona Revised Statutes, is amended to read:

43 47-9102. Definitions and index of definitions

44 A. In this chapter, unless the context otherwise requires:

1 1. "Accession" means goods that are physically united with other goods
2 in such a manner that the identity of the original goods is not lost.

3 2. "Account", except as used in "account for", means a right to
4 payment of a monetary obligation, whether or not earned by performance, for
5 property that has been or is to be sold, leased, licensed, assigned or
6 otherwise disposed of, for services rendered or to be rendered, for a policy
7 of insurance issued or to be issued, for a secondary obligation incurred or
8 to be incurred, for energy provided or to be provided, for the use or hire of
9 a vessel under a charter or other contract, arising out of the use of a
10 credit or charge card or information contained on or for use with the card or
11 as winnings in a lottery or other game of chance operated or sponsored by a
12 state, a governmental unit of a state or a person licensed or authorized to
13 operate the game by a state or governmental unit of a state. Account
14 includes health-care-insurance receivables. Account does not include rights
15 to payment evidenced by chattel paper or an instrument, commercial tort
16 claims, deposit accounts, investment property, letter-of-credit rights or
17 letters of credit or rights to payment for money or funds advanced or sold,
18 other than rights arising out of the use of a credit or charge card or
19 information contained on or for use with the card.

20 3. "Account debtor" means a person obligated on an account, chattel
21 paper or general intangible but does not include persons obligated to pay a
22 negotiable instrument, even if the instrument constitutes part of chattel
23 paper.

24 4. "Accounting", except as used in "accounting for", means a record:
25 (a) Authenticated by a secured party;
26 (b) Indicating the aggregate unpaid secured obligations as of a date
27 not more than thirty-five days earlier or thirty-five days later than the
28 date of the record; and
29 (c) Identifying the components of the obligations in reasonable
30 detail.

31 5. "Agricultural lien" means an interest, other than a security
32 interest, in farm products:

33 (a) That secures payment or performance of an obligation for:
34 (i) Goods or services furnished in connection with a debtor's farming
35 operation; or
36 (ii) Rent on real property leased by a debtor in connection with its
37 farming operation;
38 (b) That is created by statute in favor of a person that:
39 (i) In the ordinary course of its business furnished goods or services
40 to a debtor in connection with a debtor's farming operation; or
41 (ii) Leased real property to a debtor in connection with the debtor's
42 farming operation; and
43 (c) Whose effectiveness does not depend on the person's possession of
44 the personal property.

- 1 6. "As-extracted collateral" means:
2 (a) Oil, gas or other minerals that are subject to a security interest
3 that:
4 (i) Is created by a debtor having an interest in the minerals before
5 extraction; and
6 (ii) Attaches to the minerals as extracted; or
7 (b) Accounts arising out of the sale at the wellhead or minehead of
8 oil, gas or other minerals in which the debtor had an interest before
9 extraction.
- 10 7. "Authenticate" means:
11 (a) To sign; or
12 ~~(b) To execute or otherwise adopt a symbol, or encrypt or similarly~~
13 ~~process a record in whole or in part, with the present intent of the~~
14 ~~authenticating person to identify the person and adopt or accept a record.~~
15 (b) WITH PRESENT INTENT TO ADOPT OR ACCEPT A RECORD, TO ATTACH TO OR
16 LOGICALLY ASSOCIATE WITH THE RECORD AN ELECTRONIC SOUND, SYMBOL OR PROCESS.
- 17 8. "Bank" means an organization that is engaged in the business of
18 banking. Bank includes savings banks, savings and loan associations, credit
19 unions and trust companies.
- 20 9. "Cash proceeds" means proceeds that are money, checks, deposit
21 accounts or the like.
- 22 10. "Certificate of title" means a certificate of title with respect to
23 which a statute provides for the security interest in question to be
24 indicated on the certificate as a condition or result of the security
25 interest's obtaining priority over the rights of a lien creditor with respect
26 to the collateral. CERTIFICATE OF TITLE INCLUDES ANOTHER RECORD MAINTAINED
27 AS AN ALTERNATIVE TO A CERTIFICATE OF TITLE BY THE GOVERNMENTAL UNIT THAT
28 ISSUES CERTIFICATES OF TITLE IF A STATUTE PERMITS THE SECURITY INTEREST IN
29 QUESTION TO BE INDICATED ON THE RECORD AS A CONDITION OR RESULT OF THE
30 SECURITY INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR
31 WITH RESPECT TO THE COLLATERAL.
- 32 11. "Chattel paper" means a record or records that evidence both a
33 monetary obligation and a security interest in specific goods, a security
34 interest in specific goods and software used in the goods, a security
35 interest in specific goods and license of software used in the goods, a lease
36 of specific goods or a lease of specific goods and license of software used
37 in the goods. In this paragraph, "monetary obligation" means a monetary
38 obligation secured by the goods or owed under a lease of the goods and
39 includes a monetary obligation with respect to software used in the goods.
40 Chattel paper does not include charters or other contracts involving the use
41 or hire of a vessel or records that evidence a right to payment arising out
42 of the use of a credit or charge card or information contained on or for use
43 with the card. If a transaction is evidenced by records that include an
44 instrument or series of instruments, the group of records taken together
45 constitutes chattel paper.

1 12. "Collateral" means the property subject to a security interest or
2 agricultural lien. Collateral includes:

- 3 (a) Proceeds to which a security interest attaches;
4 (b) Accounts, chattel paper, payment intangibles and promissory notes
5 that have been sold; and
6 (c) Goods that are the subject of a consignment.

7 13. "Commercial tort claim" means a claim arising in tort with respect
8 to which:

- 9 (a) The claimant is an organization; or
10 (b) The claimant is an individual and the claim:
11 (i) Arose in the course of the claimant's business or profession; and
12 (ii) Does not include damages arising out of personal injury to or the
13 death of an individual.

14 14. "Commodity account" means an account maintained by a commodity
15 intermediary in which a commodity contract is carried for a commodity
16 customer.

17 15. "Commodity contract" means a commodity futures contract, an option
18 on a commodity futures contract, a commodity option or another contract if
19 the contract or option is:

- 20 (a) Traded on or subject to the rules of a board of trade that has
21 been designated as a contract market for such a contract pursuant to federal
22 commodities laws; or
23 (b) Traded on a foreign commodity board of trade, exchange or market,
24 and is carried on the books of a commodity intermediary for a commodity
25 customer.

26 16. "Commodity customer" means a person for which a commodity
27 intermediary carries a commodity contract on its books.

28 17. "Commodity intermediary" means a person that:

- 29 (a) Is registered as a futures commission merchant under federal
30 commodities law; or
31 (b) In the ordinary course of its business provides clearance or
32 settlement services for a board of trade that has been designated as a
33 contract market pursuant to federal commodities law.

34 18. "Communicate" means:

- 35 (a) To send a written or other tangible record;
36 (b) To transmit a record by any means agreed on by the persons sending
37 and receiving the record; or
38 (c) In the case of transmission of a record to or by a filing office,
39 to transmit a record by any means prescribed by filing office rule.

40 19. "Consignee" means a merchant to which goods are delivered in a
41 consignment.

42 20. "Consignment" means a transaction, regardless of its form, in which
43 a person delivers goods to a merchant for the purpose of sale and:

- 1 (a) The merchant:
2 (i) Deals in goods of that kind under a name other than the name of
3 the person making delivery;
4 (ii) Is not an auctioneer; and
5 (iii) Is not generally known by its creditors to be substantially
6 engaged in selling the goods of others;
7 (b) With respect to each delivery, the aggregate value of the goods is
8 one thousand dollars or more at the time of delivery;
9 (c) The goods are not consumer goods immediately before delivery; and
10 (d) The transaction does not create a security interest that secures
11 an obligation.
- 12 21. "Consignor" means a person that delivers goods to a consignee in a
13 consignment.
- 14 22. "Consumer debtor" means a debtor in a consumer transaction.
- 15 23. "Consumer goods" means goods that are used or bought for use
16 primarily for personal, family or household purposes.
- 17 24. "Consumer goods transaction" means a consumer transaction in which:
18 (a) An individual incurs an obligation primarily for personal, family
19 or household purposes; and
20 (b) A security interest in consumer goods secures the obligation.
- 21 25. "Consumer obligor" means an obligor who is an individual and who
22 incurred the obligation as part of a transaction entered into primarily for
23 personal, family or household purposes.
- 24 26. "Consumer transaction" means a transaction in which an individual
25 incurs an obligation primarily for personal, family or household purposes, a
26 security interest secures the obligation and the collateral is held or
27 acquired primarily for personal, family or household purposes. Consumer
28 transaction includes consumer goods transactions.
- 29 27. "Continuation statement" means an amendment of a financing
30 statement that:
31 (a) Identifies, by its file number, the initial financing statement to
32 which it relates; and
33 (b) Indicates that it is a continuation statement for, or that it is
34 filed to continue the effectiveness of, the identified financing statement.
- 35 28. "Debtor" means:
36 (a) A person having an interest, other than a security interest or
37 other lien, in the collateral, whether or not the person is an obligor;
38 (b) A seller of accounts, chattel paper, payment intangibles or
39 promissory notes; or
40 (c) A consignee.
- 41 29. "Deposit account" means a demand, time, savings, passbook or
42 similar account maintained with a bank. Deposit account does not include
43 investment property or accounts evidenced by an instrument.
- 44 30. "Document" means a document of title or a receipt of the type
45 described in section 47-7201, subsection B.

- 1 31. "Electronic chattel paper" means chattel paper evidenced by a
2 record or records consisting of information stored in an electronic medium.
- 3 32. "Encumbrance" means a right, other than an ownership interest, in
4 real property. Encumbrance includes mortgages and other liens on real
5 property.
- 6 33. "Equipment" means goods other than inventory, farm products or
7 consumer goods.
- 8 34. "Farm products" means goods, other than standing timber, with
9 respect to which the debtor is engaged in a farming operation and that are:
10 (a) Crops grown, growing or to be grown, including:
11 (i) Crops produced on trees, vines and bushes; and
12 (ii) Aquatic goods produced in aquacultural operations;
13 (b) Livestock, born or unborn, including aquatic goods produced in
14 aquacultural operations;
15 (c) Supplies used or produced in a farming operation; or
16 (d) Products of crops or livestock in their unmanufactured states.
- 17 35. "Farming operation" means raising, cultivating, propagating,
18 fattening, grazing or any other farming, livestock or aquacultural operation.
- 19 36. "File number" means the number assigned to an initial financing
20 statement pursuant to section 47-9519, subsection A.
- 21 37. "Filing office" means an office designated in section 47-9501 as
22 the place to file a financing statement.
- 23 38. "Filing office rule" means a rule adopted pursuant to section
24 47-9526.
- 25 39. "Financing statement" means a record or records composed of an
26 initial financing statement and any filed record relating to the initial
27 financing statement.
- 28 40. "Fixture filing" means the filing of a financing statement covering
29 goods that are or are to become fixtures and satisfying section 47-9502,
30 subsections A and B. Fixture filing includes the filing of a financing
31 statement covering goods of a transmitting utility that are or are to become
32 fixtures.
- 33 41. "Fixtures" means goods that have become so related to particular
34 real property that an interest in them arises under real property law.
- 35 42. "General intangible" means any personal property, including things
36 in action, other than accounts, chattel paper, commercial tort claims,
37 deposit accounts, documents, goods, instruments, investment property,
38 letter-of-credit rights, letters of credit, money and oil, gas or other
39 minerals before extraction. General intangible includes payment intangibles
40 and software.
- 41 43. "Good faith" means honesty in fact and the observance of reasonable
42 commercial standards of fair dealing.
- 43 44. "Goods" means all things that are movable when a security interest
44 attaches.

- 1 (a) Goods includes:
2 (i) Fixtures;
3 (ii) Standing timber that is to be cut and removed under a conveyance
4 or contract for sale;
5 (iii) The unborn young of animals;
6 (iv) Crops grown, growing or to be grown, even if the crops are
7 produced on trees, vines or bushes; and
8 (v) Manufactured homes.
9 (b) Goods also includes a computer program embedded in goods and any
10 supporting information provided in connection with a transaction relating to
11 the program if:
12 (i) The program is associated with the goods in such a manner that it
13 customarily is considered part of the goods; or
14 (ii) By becoming the owner of the goods, a person acquires a right to
15 use the program in connection with the goods.
16 (c) Goods does not include a computer program embedded in goods that
17 consist solely of the medium in which the program is embedded.
18 (d) Goods also does not include accounts, chattel paper, commercial
19 tort claims, deposit accounts, documents, general intangibles, instruments,
20 investment property, letter-of-credit rights, letters of credit, money, or
21 oil, gas or other minerals before extraction.
22 45. "Governmental unit" means a subdivision, agency, department,
23 county, parish, municipality or other unit of the government of the United
24 States, a state or a foreign country. Governmental unit includes an
25 organization having a separate corporate or legal existence if the
26 organization is eligible to issue or incur obligations the interest on which
27 is excluded from gross income for federal income tax purposes.
28 46. "Health-care-insurance receivable" means an interest in or claim
29 under a policy of insurance that is a right to payment of a monetary
30 obligation for health care goods or services provided.
31 47. "Instrument" means a negotiable instrument or any other writing
32 that evidences a right to the payment of a monetary obligation, is not itself
33 a security agreement or lease and is of a type that in the ordinary course of
34 business is transferred by delivery with any necessary indorsement or
35 assignment. Instrument does not include:
36 (a) Investment property;
37 (b) Letters of credit; or
38 (c) Writings that evidence a right to payment arising out of the use
39 of a credit or charge card or information contained on or for use with the
40 card.
41 48. "Inventory" means goods, other than farm products, that:
42 (a) Are leased by a person as lessor;
43 (b) Are held by a person for sale or lease or to be furnished under a
44 contract of service;
45 (c) Are furnished by a person under a contract of service; or

1 (d) Consist of raw materials, work in process or materials used or
2 consumed in a business.

3 49. "Investment property" means a security, whether certificated or
4 uncertificated, security entitlement, securities account, commodity contract
5 or commodity account.

6 50. "Jurisdiction of organization", with respect to a registered
7 organization, means the jurisdiction under whose law the organization is
8 organized.

9 51. "Letter-of-credit right" means a right to payment or performance
10 under a letter of credit, whether or not the beneficiary has demanded or is
11 at the time entitled to demand payment or performance. Letter-of-credit
12 right does not include the right of a beneficiary to demand payment or
13 performance under a letter of credit.

14 52. "Lien creditor" means:

15 (a) A creditor that has acquired a lien on the property involved by
16 attachment, levy or the like;

17 (b) An assignee for benefit of creditors from the time of assignment;

18 (c) A trustee in bankruptcy from the date of the filing of the
19 petition; or

20 (d) A receiver in equity from the time of appointment.

21 53. "Manufactured home" means a structure that is transportable in one
22 or more sections and that, in the traveling mode, is eight body feet or more
23 in width or forty body feet or more in length, or, when erected on site, is
24 three hundred twenty or more square feet, and that is built on a permanent
25 chassis and designed to be used as a dwelling with or without a permanent
26 foundation when connected to the required utilities, and includes the
27 plumbing, heating, air conditioning and electrical systems contained therein.
28 Manufactured home includes any structure that meets all of the requirements
29 of this paragraph except the size requirements and with respect to which the
30 manufacturer voluntarily files a certification required by the United States
31 secretary of housing and urban development and complies with the standards
32 established under title 42 of the United States Code.

33 54. "Manufactured home transaction" means a secured transaction:

34 (a) That creates a purchase money security interest in a manufactured
35 home, other than a manufactured home held as inventory; or

36 (b) In which a manufactured home, other than a manufactured home held
37 as inventory, is the primary collateral.

38 55. "Mortgage" means a consensual interest in real property, including
39 fixtures, that secures payment or performance of an obligation.

40 56. "New debtor" means a person that becomes bound as debtor under
41 section 47-9203, subsection D by a security agreement previously entered into
42 by another person.

43 57. "New value" means money, money's worth in property, services or new
44 credit or release by a transferee of an interest in property previously

1 transferred to the transferee. New value does not include an obligation
2 substituted for another obligation.

3 58. "Noncash proceeds" means proceeds other than cash proceeds.

4 59. "Obligor" means a person that, with respect to an obligation
5 secured by a security interest in or an agricultural lien on the collateral,
6 owes payment or other performance of the obligation, has provided property
7 other than the collateral to secure payment or other performance of the
8 obligation or is otherwise accountable in whole or in part for payment or
9 other performance of the obligation. Obligor does not include issuers or
10 nominated persons under a letter of credit.

11 60. "Original debtor", except as used in section 47-9310, subsection C,
12 means a person that, as debtor, entered into a security agreement to which a
13 new debtor has become bound under section 47-9203, subsection D.

14 61. "Payment intangible" means a general intangible under which the
15 account debtor's principal obligation is a monetary obligation.

16 62. "Person related to", with respect to an individual, means:

17 (a) The spouse of the individual;

18 (b) A brother, brother-in-law, sister or sister-in-law of the
19 individual;

20 (c) An ancestor or lineal descendant of the individual or the
21 individual's spouse; or

22 (d) Any other relative, by blood or marriage, of the individual or the
23 individual's spouse who shares the same home with the individual.

24 63. "Person related to", with respect to an organization, means:

25 (a) A person directly or indirectly controlling, controlled by or
26 under common control with the organization;

27 (b) An officer or director of, or a person performing similar
28 functions with respect to, the organization;

29 (c) An officer or director of, or a person performing similar
30 functions with respect to, a person described in subdivision (a) of this
31 paragraph;

32 (d) The spouse of an individual described in subdivision (a), (b) or
33 (c) of this paragraph; or

34 (e) An individual who is related by blood or marriage to an individual
35 described in subdivision (a), (b), (c) or (d) of this paragraph and who
36 shares the same home with the individual.

37 64. "Proceeds", except as used in section 47-9609, subsection B, means
38 the following property:

39 (a) Whatever is acquired on the sale, lease, license, exchange or
40 other disposition of collateral;

41 (b) Whatever is collected on, or distributed on account of,
42 collateral;

43 (c) Rights arising out of collateral;

1 (d) To the extent of the value of collateral, claims arising out of
2 the loss, nonconformity or interference with the use of, defects or
3 infringement of rights in, or damage to the collateral; or

4 (e) To the extent of the value of collateral and to the extent payable
5 to the debtor or the secured party, insurance payable by reason of the loss
6 or nonconformity of, defects or infringement of rights in, or damage to the
7 collateral.

8 65. "Promissory note" means an instrument that evidences a promise to
9 pay a monetary obligation, does not evidence an order to pay and does not
10 contain an acknowledgment by a bank that the bank has received for deposit a
11 sum of money or funds.

12 66. "Proposal" means a record authenticated by a secured party that
13 includes the terms on which the secured party is willing to accept collateral
14 in full or partial satisfaction of the obligation it secures pursuant to
15 sections 47-9620, 47-9621 and 47-9622.

16 67. "PUBLIC ORGANIC RECORD" MEANS A RECORD THAT IS AVAILABLE TO THE
17 PUBLIC FOR INSPECTION AND THAT IS:

18 (a) A RECORD CONSISTING OF THE RECORD INITIALLY FILED WITH OR ISSUED
19 BY A STATE OR THE UNITED STATES TO FORM OR ORGANIZE AN ORGANIZATION AND ANY
20 RECORD FILED WITH OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR
21 RESTATES THE INITIAL RECORD;

22 (b) AN ORGANIC RECORD OF A BUSINESS TRUST CONSISTING OF THE RECORD
23 INITIALLY FILED WITH A STATE AND ANY RECORD FILED WITH THE STATE THAT AMENDS
24 OR RESTATES THE INITIAL RECORD, IF A STATUTE OF THE STATE GOVERNING BUSINESS
25 TRUSTS REQUIRES THAT THE RECORD BE FILED WITH THE STATE; OR

26 (c) A RECORD CONSISTING OF LEGISLATION ENACTED BY THE LEGISLATURE OF A
27 STATE OR THE CONGRESS OF THE UNITED STATES THAT FORMS OR ORGANIZES AN
28 ORGANIZATION, ANY RECORD AMENDING THE LEGISLATION, AND ANY RECORD FILED WITH
29 OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR RESTATES THE NAME
30 OF THE ORGANIZATION.

31 ~~67-~~ 68. "Pursuant to commitment", with respect to an advance made or
32 other value given by a secured party, means pursuant to the secured party's
33 obligation, whether or not a subsequent event of default or other event not
34 within the secured party's control has relieved or may relieve the secured
35 party from its obligation.

36 ~~68-~~ 69. "Record", except as used in "for record", "of record", "record
37 or legal title", and "record owner", means information that is inscribed on a
38 tangible medium or that is stored in an electronic or other medium and is
39 retrievable in perceivable form.

40 ~~69-~~ 70. "Registered organization" means an organization FORMED OR
41 organized solely under the law of a single state or the United States ~~and as~~
42 ~~to which the state or the United States must maintain a public record showing~~
43 ~~the organization to have been organized~~ BY THE FILING OF A PUBLIC ORGANIC
44 RECORD WITH, THE ISSUANCE OF A PUBLIC ORGANIC RECORD BY, OR THE ENACTMENT OF
45 LEGISLATION BY THE STATE OR THE UNITED STATES. REGISTERED ORGANIZATION

1 INCLUDES A BUSINESS TRUST THAT IS FORMED OR ORGANIZED UNDER THE LAW OF A
2 SINGLE STATE IF A STATUTE OF THE STATE GOVERNING BUSINESS TRUSTS REQUIRES
3 THAT THE BUSINESS TRUST'S ORGANIC RECORD BE FILED WITH THE STATE.

4 ~~70-~~ 71. "Secondary obligor" means an obligor to the extent that:

5 (a) The obligor's obligation is secondary; or

6 (b) The obligor has a right of recourse with respect to an obligation
7 secured by collateral against the debtor, another obligor or property of
8 either.

9 ~~71-~~ 72. "Secured party" means:

10 (a) A person in whose favor a security interest is created or provided
11 for under a security agreement, whether or not any obligation to be secured
12 is outstanding;

13 (b) A person that holds an agricultural lien;

14 (c) A consignor;

15 (d) A person to which accounts, chattel paper, payment intangibles or
16 promissory notes have been sold;

17 (e) A trustee, indenture trustee, agent, collateral agent or other
18 representative in whose favor a security interest or agricultural lien is
19 created or provided for; or

20 (f) A person that holds a security interest arising under section
21 47-2401, 47-2505, 47-2711, 47-2A508, 47-4210 or 47-5118.

22 ~~72-~~ 73. "Security agreement" means an agreement that creates or
23 provides for a security interest.

24 ~~73-~~ 74. "Send", in connection with a record or notification, means:

25 (a) To deposit in the mail, deliver for transmission or transmit by
26 any other usual means of communication, with postage or cost of transmission
27 provided for, addressed to any address reasonable under the circumstances; or

28 (b) To cause the record or notification to be received within the time
29 that it would have been received if properly sent under subdivision (a) of
30 this paragraph.

31 ~~74-~~ 75. "Software" means a computer program and any supporting
32 information provided in connection with a transaction relating to the
33 program. Software does not include a computer program that is included in
34 the definition of goods.

35 ~~75-~~ 76. "State" means a state of the United States, the District of
36 Columbia, Puerto Rico, the United States Virgin Islands or any territory or
37 insular possession subject to the jurisdiction of the United States.

38 ~~76-~~ 77. "Supporting obligation" means a letter-of-credit right or
39 secondary obligation that supports the payment or performance of an account,
40 chattel paper, a document, a general intangible, an instrument or investment
41 property.

42 ~~77-~~ 78. "Tangible chattel paper" means chattel paper evidenced by a
43 record or records consisting of information that is inscribed on a tangible
44 medium.

1	27. "Note"	Section 47-3104
2	28. "Proceeds of a letter of credit"	Section 47-5114
3	29. "Prove"	Section 47-3103
4	30. "Sale"	Section 47-2106
5	31. "Securities account"	Section 47-8501
6	32. "Securities intermediary"	Section 47-8102
7	33. "Security"	Section 47-8102
8	34. "Security certificate"	Section 47-8102
9	35. "Security entitlement"	Section 47-8102
10	36. "Uncertificated security"	Section 47-8102

11 C. In addition, chapter 1 of this title contains general definitions
12 and principles of construction and interpretation applicable throughout this
13 chapter.

14 Sec. 4. Section 47-9105, Arizona Revised Statutes, is amended to read:
15 47-9105. Control of electronic chattel paper

16 A. A secured party has control of electronic chattel paper if **A SYSTEM**
17 **EMPLOYED FOR EVIDENCING THE TRANSFER OF INTERESTS IN THE CHATTEL PAPER**
18 **RELIABLY ESTABLISHES THE SECURED PARTY AS THE PERSON TO WHICH THE CHATTEL**
19 **PAPER WAS ASSIGNED.**

20 B. **A SYSTEM SATISFIES SUBSECTION A OF THIS SECTION IF** the record or
21 records comprising the chattel paper are created, stored and assigned in such
22 a manner that:

23 1. A single authoritative copy of the record or records exists that is
24 unique, identifiable and, except as otherwise provided in paragraphs 4, 5 and
25 6, unalterable;

26 2. The authoritative copy identifies the secured party as the assignee
27 of the record or records;

28 3. The authoritative copy is communicated to and maintained by the
29 secured party or its designated custodian;

30 4. Copies or **revisions** **AMENDMENTS** that add or change an identified
31 assignee of the authoritative copy can be made only with the **participation**
32 **CONSENT** of the secured party;

33 5. Each copy of the authoritative copy and any copy of a copy is
34 readily identifiable as a copy that is not the authoritative copy; and

35 6. Any **revision** **AMENDMENT** of the authoritative copy is readily
36 identifiable as an authorized or unauthorized revision.

37 Sec. 5. Section 47-9307, Arizona Revised Statutes, is amended to read:
38 47-9307. Location of debtor; definition

39 A. In this section, "place of business" means a place where a debtor
40 conducts its affairs.

41 B. Except as otherwise provided in this section, the following rules
42 determine a debtor's location:

43 1. A debtor who is an individual is located at the individual's
44 principal residence.

1 2. A debtor that is an organization and has only one place of business
2 is located at its place of business.

3 3. A debtor that is an organization and has more than one place of
4 business is located at its chief executive office.

5 C. Subsection B applies only if a debtor's residence, place of
6 business or chief executive office, as applicable, is located in a
7 jurisdiction whose law generally requires information concerning the
8 existence of a nonpossessory security interest to be made generally available
9 in a filing, recording or registration system as a condition or result of the
10 security interest's obtaining priority over the rights of a lien creditor
11 with respect to the collateral. If subsection B does not apply, the debtor
12 is located in the District of Columbia.

13 D. A person that ceases to exist, have a residence, or have a place of
14 business continues to be located in the jurisdiction specified by subsections
15 B and C.

16 E. A registered organization that is organized under the law of a
17 state is located in that state.

18 F. Except as otherwise provided in subsection I, a registered
19 organization that is organized under the law of the United States and a
20 branch or agency of a bank that is not organized under the law of the United
21 States or a state are located:

22 1. In the state that the law of the United States designates, if the
23 law designates a state of location;

24 2. In the state that the registered organization, branch or agency
25 designates, if the law of the United States authorizes the registered
26 organization, branch or agency to designate its state of location, **INCLUDING**
27 **BY DESIGNATING ITS MAIN OFFICE, HOME OFFICE OR OTHER COMPARABLE OFFICE**; or

28 3. In the District of Columbia, if neither paragraph 1 nor paragraph 2
29 of this subsection applies.

30 G. A registered organization continues to be located in the
31 jurisdiction specified by subsection E or F notwithstanding:

32 1. The suspension, revocation, forfeiture or lapse of the registered
33 organization's status as such in its jurisdiction of organization; or

34 2. The dissolution, winding up or cancellation of the existence of the
35 registered organization.

36 H. The United States is located in the District of Columbia.

37 I. A branch or agency of a bank that is not organized under the law of
38 the United States or a state is located in the state in which the branch or
39 agency is licensed, if all branches and agencies of the bank are licensed in
40 only one state.

41 J. A foreign air carrier under the federal aviation act of 1958, as
42 amended, is located at the designated office of the agent on which service of
43 process may be made on behalf of the carrier.

44 K. This section applies only for purposes of this article.

1 Sec. 6. Section 47-9311, Arizona Revised Statutes, is amended to read:
2 47-9311. Perfection of security interests in property subject
3 to certain statutes, regulations and treaties

4 A. Except as otherwise provided in subsection D of this section, the
5 filing of a financing statement is not necessary or effective to perfect a
6 security interest in property subject to:

7 1. A statute, regulation or treaty of the United States whose
8 requirements for a security interest's obtaining priority over the rights of
9 a lien creditor with respect to the property preempt section 47-9310,
10 subsection A;

11 2. A statute of this state that provides for central filing of or that
12 requires indication on a certificate of title of a security interest in the
13 property, including title 28, chapter 7, article 4, and that requires
14 indication of the security interest on a certificate of title for a vehicle
15 required to be titled and registered under section 28-2153 and for a mobile
16 home required to be titled under section 28-2063; or

17 3. A ~~certificate of title~~ statute of another jurisdiction that
18 provides for a security interest to be indicated on ~~the A~~ certificate ~~OF~~
19 ~~TITLE~~ as a condition or result of the security interest's obtaining priority
20 over the rights of a lien creditor with respect to the property.

21 B. Compliance with the requirements of a statute, regulation or treaty
22 described in subsection A of this section for obtaining priority over the
23 rights of a lien creditor is equivalent to the filing of a financing
24 statement under this chapter. Except as otherwise provided in subsection D
25 of this section and section 47-9313 and section 47-9316, subsections D and E
26 for goods covered by a certificate of title, a security interest in property
27 subject to a statute, regulation or treaty described in subsection A of this
28 section may be perfected only by compliance with those requirements, and a
29 security interest so perfected remains perfected notwithstanding a change in
30 the use or transfer of possession of the collateral.

31 C. Except as otherwise provided in subsection D of this section and
32 section 47-9316, subsections D and E, duration and renewal of perfection of a
33 security interest perfected by compliance with the requirements prescribed by
34 a statute, regulation or treaty described in subsection A of this section are
35 governed by the statute, regulation or treaty. In other respects, the
36 security interest is subject to this chapter.

37 D. During any period in which collateral subject to a statute
38 specified in subsection A, paragraph 2 of this section is inventory held for
39 sale or lease by a person or leased by that person as lessor and that person
40 is in the business of selling goods of that kind, this section does not apply
41 to a security interest in that collateral created by that person.

1 Sec. 7. Section 47-9316, Arizona Revised Statutes, is amended to read:
2 47-9316. Continued perfection of security interest following
3 change in governing law

4 A. A security interest perfected pursuant to the law of the
5 jurisdiction designated in section 47-9301, paragraph 1 or section 47-9305,
6 subsection C remains perfected until the earliest of:

7 1. The time perfection would have ceased under the law of that
8 jurisdiction;

9 2. The expiration of four months after a change of the debtor's
10 location to another jurisdiction; or

11 3. The expiration of one year after a transfer of collateral to a
12 person that thereby becomes a debtor and is located in another jurisdiction.

13 B. If a security interest described in subsection A of this section
14 becomes perfected under the law of the other jurisdiction before the earliest
15 time or event described in that subsection, it remains perfected thereafter.
16 If the security interest does not become perfected under the law of the other
17 jurisdiction before the earliest time or event, it becomes unperfected and is
18 deemed never to have been perfected as against a purchaser of the collateral
19 for value.

20 C. A possessory security interest in collateral, other than goods
21 covered by a certificate of title and as-extracted collateral consisting of
22 goods, remains continuously perfected if:

23 1. The collateral is located in one jurisdiction and subject to a
24 security interest perfected under the law of that jurisdiction;

25 2. Thereafter the collateral is brought into another jurisdiction; and

26 3. On entry into the other jurisdiction, the security interest is
27 perfected under the law of the other jurisdiction.

28 D. Except as otherwise provided in subsection E of this section, a
29 security interest in goods covered by a certificate of title that is
30 perfected by any method under the law of another jurisdiction when the goods
31 become covered by a certificate of title from this state remains perfected
32 until the security interest would have become unperfected under the law of
33 the other jurisdiction had the goods not become so covered.

34 E. A security interest described in subsection D of this section
35 becomes unperfected as against a purchaser of the goods for value and is
36 deemed never to have been perfected as against a purchaser of the goods for
37 value if the applicable requirements for perfection under section 47-9311,
38 subsection B or section 47-9313 are not satisfied before the earlier of:

39 1. The time the security interest would have become unperfected under
40 the law of the other jurisdiction had the goods not become covered by a
41 certificate of title from this state; or

42 2. The expiration of four months after the goods had become so
43 covered.

44 F. A security interest in deposit accounts, letter-of-credit rights or
45 investment property that is perfected under the law of the bank's

1 jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction,
2 the securities intermediary's jurisdiction or the commodity intermediary's
3 jurisdiction, as applicable, remains perfected until the earlier of:

4 1. The time the security interest would have become unperfected under
5 the law of that jurisdiction; or

6 2. The expiration of four months after a change of the applicable
7 jurisdiction to another jurisdiction.

8 G. If a security interest described in subsection F of this section
9 becomes perfected under the law of the other jurisdiction before the earlier
10 of the time or the end of the period described in that subsection, it remains
11 perfected thereafter. If the security interest does not become perfected
12 under the law of the other jurisdiction before the earlier of that time or
13 the end of that period, it becomes unperfected and is deemed never to have
14 been perfected as against a purchaser of the collateral for value.

15 H. THE FOLLOWING RULES APPLY TO COLLATERAL TO WHICH A SECURITY
16 INTEREST ATTACHES WITHIN FOUR MONTHS AFTER THE DEBTOR CHANGES ITS LOCATION TO
17 ANOTHER JURISDICTION:

18 1. A FINANCING STATEMENT FILED BEFORE THE CHANGE PURSUANT TO THE LAW
19 OF THE JURISDICTION DESIGNATED IN SECTION 47-9301, PARAGRAPH 1 OR SECTION
20 47-9305, SUBSECTION C IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN THE
21 COLLATERAL IF THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A
22 SECURITY INTEREST IN THE COLLATERAL HAD THE DEBTOR NOT CHANGED ITS LOCATION.

23 2. IF A SECURITY INTEREST PERFECTED BY A FINANCING STATEMENT THAT IS
24 EFFECTIVE UNDER PARAGRAPH 1 OF THIS SUBSECTION BECOMES PERFECTED UNDER THE
25 LAW OF THE OTHER JURISDICTION BEFORE THE EARLIER OF THE TIME THE FINANCING
26 STATEMENT WOULD HAVE BECOME INEFFECTIVE UNDER THE LAW OF THE JURISDICTION
27 DESIGNATED IN SECTION 47-9301, PARAGRAPH 1 OR SECTION 47-9305, SUBSECTION C
28 OR THE EXPIRATION OF THE FOUR-MONTH PERIOD, IT REMAINS PERFECTED THEREAFTER.
29 IF THE SECURITY INTEREST DOES NOT BECOME PERFECTED UNDER THE LAW OF THE OTHER
30 JURISDICTION BEFORE THE EARLIER TIME OR EVENT, IT BECOMES UNPERFECTED AND IS
31 DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE COLLATERAL
32 FOR VALUE.

33 I. IF A FINANCING STATEMENT NAMING AN ORIGINAL DEBTOR IS FILED
34 PURSUANT TO THE LAW OF THE JURISDICTION DESIGNATED IN SECTION 47-9301,
35 PARAGRAPH 1 OR SECTION 47-9305, SUBSECTION C AND THE NEW DEBTOR IS LOCATED IN
36 ANOTHER JURISDICTION, THE FOLLOWING RULES APPLY:

37 1. THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY INTEREST
38 IN COLLATERAL ACQUIRED BY THE NEW DEBTOR BEFORE, AND WITHIN FOUR MONTHS
39 AFTER, THE NEW DEBTOR BECOMES BOUND UNDER SECTION 47-9203, SUBSECTION D, IF
40 THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A SECURITY
41 INTEREST IN THE COLLATERAL HAD THE COLLATERAL BEEN ACQUIRED BY THE ORIGINAL
42 DEBTOR.

43 2. A SECURITY INTEREST THAT IS PERFECTED BY THE FINANCING STATEMENT
44 AND THAT BECOMES PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE
45 EARLIER OF THE TIME THE FINANCING STATEMENT WOULD HAVE BECOME INEFFECTIVE

1 UNDER THE LAW OF THE JURISDICTION DESIGNATED IN SECTION 47-9301, PARAGRAPH 1
2 OR SECTION 47-9305, SUBSECTION C OR THE EXPIRATION OF THE FOUR-MONTH PERIOD
3 REMAINS PERFECTED THEREAFTER. A SECURITY INTEREST THAT IS PERFECTED BY THE
4 FINANCING STATEMENT BUT THAT DOES NOT BECOME PERFECTED UNDER THE LAW OF THE
5 OTHER JURISDICTION BEFORE THE EARLIER TIME OR EVENT BECOMES UNPERFECTED AND
6 IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE
7 COLLATERAL FOR VALUE.

8 Sec. 8. Section 47-9317, Arizona Revised Statutes, is amended to read:

9 47-9317. Interests that take priority over or take free of
10 security interest or agricultural lien

11 A. A security interest or agricultural lien is subordinate to the
12 rights of:

13 1. A person entitled to priority under section 47-9322; and

14 2. Except as otherwise provided in subsection E of this section, a
15 person that becomes a lien creditor before the earlier of the time:

16 (a) The security interest or agricultural lien is perfected; or

17 (b) One of the conditions specified in section 47-9203, subsection B,
18 paragraph 3 is met and a financing statement covering the collateral is
19 filed.

20 B. Except as otherwise provided in subsection E of this section, a
21 buyer, other than a secured party, of tangible chattel paper, tangible
22 documents, goods, instruments or a CERTIFICATED security ~~certificate~~ takes
23 free of a security interest or agricultural lien if the buyer gives value and
24 receives delivery of the collateral without knowledge of the security
25 interest or agricultural lien and before it is perfected.

26 C. Except as otherwise provided in subsection E of this section, a
27 lessee of goods takes free of a security interest or agricultural lien if the
28 lessee gives value and receives delivery of the collateral without knowledge
29 of the security interest or agricultural lien and before it is perfected.

30 D. A licensee of a general intangible or a buyer, other than a secured
31 party, of ~~accounts, electronic chattel paper, electronic documents, general~~
32 ~~intangibles or investment property~~ COLLATERAL other than TANGIBLE CHATTEL
33 PAPER, TANGIBLE DOCUMENTS, GOODS, INSTRUMENTS OR a certificated security
34 takes free of a security interest if the licensee or buyer gives value
35 without knowledge of the security interest and before it is perfected.

36 E. Except as otherwise provided in sections 47-9320 and 47-9321, if a
37 person files a financing statement with respect to a purchase money security
38 interest before or within twenty days after the debtor receives delivery of
39 the collateral, the security interest takes priority over the rights of a
40 buyer, lessee or lien creditor that arise between the time the security
41 interest attaches and the time of filing.

42 Sec. 9. Section 47-9326, Arizona Revised Statutes, is amended to read:

43 47-9326. Priority of security interests created by new debtor

44 A. Subject to subsection B of this section, a security interest that
45 is created by a new debtor IN COLLATERAL IN WHICH THE NEW DEBTOR HAS OR

1 ACQUIRES RIGHTS and ~~that~~ is perfected SOLELY by a filed financing statement
2 that ~~is effective solely under section 47-9508 in collateral in which a new~~
3 ~~debtor has or acquires rights~~ WOULD BE INEFFECTIVE TO PERFECT THE SECURITY
4 INTEREST BUT FOR THE APPLICATION OF SECTION 47-9316, SUBSECTION I, PARAGRAPH
5 1 OR SECTION 47-9508 is subordinate to a security interest in the same
6 collateral that is perfected other than by SUCH a filed financing statement
7 ~~that is effective solely under section 47-9508.~~

8 B. The other provisions of this article determine the priority among
9 conflicting security interests in the same collateral perfected by filed
10 financing statements ~~that are effective solely under section 47-9508~~
11 DESCRIBED IN SUBSECTION A OF THIS SECTION. However, if the security
12 agreements to which a new debtor became bound as debtor were not entered into
13 by the same original debtor, the conflicting security interests rank
14 according to priority in time of the new debtor's having become bound.

15 Sec. 10. Section 47-9406, Arizona Revised Statutes, is amended to
16 read:

17 47-9406. Discharge of account debtor; notification of
18 assignment; identification and proof of assignment;
19 restrictions on assignment of accounts, chattel
20 paper, payment intangibles and promissory notes
21 ineffective

22 A. Subject to subsections B through H of this section, an account
23 debtor on an account, chattel paper or a payment intangible may discharge its
24 obligation by paying the assignor until, but not after, the account debtor
25 receives a notification, authenticated by the assignor or the assignee, that
26 the amount due or to become due has been assigned and that payment is to be
27 made to the assignee. After receipt of the notification, the account debtor
28 may discharge its obligation by paying the assignee and may not discharge the
29 obligation by paying the assignor.

30 B. Subject to subsection H of this section, notification is
31 ineffective under subsection A of this section:

32 1. If it does not reasonably identify the rights assigned;

33 2. To the extent that an agreement between an account debtor and a
34 seller of a payment intangible limits the account debtor's duty to pay a
35 person other than the seller and the limitation is effective under law other
36 than this chapter; or

37 3. At the option of an account debtor, if the notification notifies
38 the account debtor to make less than the full amount of any installment or
39 other periodic payment to the assignee, even if:

40 (a) Only a portion of the account, chattel paper or payment intangible
41 has been assigned to that assignee;

42 (b) A portion has been assigned to another assignee; or

43 (c) The account debtor knows that the assignment to that assignee is
44 limited.

1 C. Subject to subsection H of this section, if requested by the
2 account debtor, an assignee shall seasonably furnish reasonable proof that
3 the assignment has been made. Unless the assignee complies, the account
4 debtor may discharge its obligation by paying the assignor, even if the
5 account debtor has received a notification under subsection A of this
6 section.

7 D. Except as otherwise provided in subsection E of this section and
8 sections 47-2A303 and 47-9407, and subject to subsection H of this section, a
9 term in an agreement between an account debtor and an assignor or in a
10 promissory note is ineffective to the extent that it:

11 1. Prohibits, restricts or requires the consent of the account debtor
12 or person obligated on the promissory note to the assignment or transfer of,
13 or the creation, attachment, perfection or enforcement of a security interest
14 in, the account, chattel paper, payment intangible or promissory note; or

15 2. Provides that the assignment or transfer or the creation,
16 attachment, perfection or enforcement of the security interest may give rise
17 to a default, breach, right of recoupment, claim, defense, termination, right
18 of termination or remedy under the account, chattel paper, payment intangible
19 or promissory note.

20 E. Subsection D of this section does not apply to the sale of a
21 payment intangible or promissory note, [OTHER THAN A SALE PURSUANT TO A](#)
22 [DISPOSITION UNDER SECTION 47-9610 OR AN ACCEPTANCE OF COLLATERAL UNDER](#)
23 [SECTION 47-9620](#).

24 F. Except as otherwise provided in sections 47-2A303 and 47-9407 and
25 subject to subsections H and J of this section, a rule of law, statute or
26 regulation that prohibits, restricts or requires the consent of a government,
27 governmental body or official, or account debtor to the assignment or
28 transfer of, or creation of a security interest in, an account or chattel
29 paper, is ineffective to the extent that the rule of law, statute or
30 regulation:

31 1. Prohibits, restricts or requires the consent of the government,
32 governmental body or official, or account debtor to the assignment or
33 transfer of, or the creation, attachment, perfection or enforcement of a
34 security interest in, the account or chattel paper; or

35 2. Provides that the assignment or transfer or the creation,
36 attachment, perfection or enforcement of the security interest may give rise
37 to a default, breach, right of recoupment, claim, defense, termination, right
38 of termination or remedy under the account or chattel paper.

39 G. Subject to subsection H of this section, an account debtor shall
40 not waive or vary its option under subsection B, paragraph 3 of this section.

41 H. This section is subject to law other than this chapter that
42 establishes a different rule for an account debtor who is an individual and
43 who incurred the obligation primarily for personal, family or household
44 purposes.

1 I. This section does not apply to an assignment of a
2 health-care-insurance receivable.

3 J. This section prevails over any inconsistent provisions in any
4 statutes, rules and regulations.

5 Sec. 11. Section 47-9408, Arizona Revised Statutes, is amended to
6 read:

7 47-9408. Restrictions on assignment of promissory notes,
8 health-care-insurance receivables and certain
9 general intangibles ineffective

10 A. Except as otherwise provided in subsection B **OF THIS SECTION**, a
11 term in a promissory note or in an agreement between an account debtor and a
12 debtor that relates to a health-care-insurance receivable or a general
13 intangible, including a contract, permit, license or franchise, and which
14 term prohibits, restricts or requires the consent of the person obligated on
15 the promissory note or the account debtor to, the assignment or transfer of,
16 or creation, attachment or perfection of a security interest in, the
17 promissory note, health-care-insurance receivable or general intangible, is
18 ineffective to the extent that the term:

19 1. Would impair the creation, attachment or perfection of a security
20 interest; or

21 2. Provides that the assignment or transfer or the creation,
22 attachment or perfection of the security interest may give rise to a default,
23 breach, right of recoupment, claim, defense, termination, right of
24 termination or remedy under the promissory note, health-care-insurance
25 receivable or general intangible.

26 B. Subsection A **OF THIS SECTION** applies to a security interest in a
27 payment intangible or promissory note only if the security interest arises
28 out of a sale of the payment intangible or promissory note, **OTHER THAN A SALE**
29 **PURSUANT TO A DISPOSITION UNDER SECTION 47-9610 OR AN ACCEPTANCE OF**
30 **COLLATERAL UNDER SECTION 47-9620.**

31 C. A rule of law, statute or regulation that prohibits, restricts or
32 requires the consent of a government, governmental body or official, person
33 obligated on a promissory note or account debtor to the assignment or
34 transfer of, or creation of a security interest in, a promissory note,
35 health-care-insurance receivable or general intangible, including a contract,
36 permit, license or franchise between an account debtor and a debtor, is
37 ineffective to the extent that the rule of law, statute or regulation:

38 1. Would impair the creation, attachment or perfection of a security
39 interest; or

40 2. Provides that the assignment or transfer or the creation,
41 attachment or perfection of the security interest may give rise to a default,
42 breach, right of recoupment, claim, defense, termination, right of
43 termination or remedy under the promissory note, health-care-insurance
44 receivable or general intangible.

1 D. To the extent that a term in a promissory note or in an agreement
2 between an account debtor and a debtor that relates to a
3 health-care-insurance receivable or general intangible or a rule of law,
4 statute or regulation described in subsection C OF THIS SECTION would be
5 effective under law other than this chapter but is ineffective under
6 subsection A or C OF THIS SECTION, the creation, attachment or perfection of
7 a security interest in the promissory note, health-care-insurance receivable
8 or general intangible:

9 1. Is not enforceable against the person obligated on the promissory
10 note or the account debtor;

11 2. Does not impose a duty or obligation on the person obligated on the
12 promissory note or the account debtor;

13 3. Does not require the person obligated on the promissory note or the
14 account debtor to recognize the security interest, pay or render performance
15 to the secured party or accept payment or performance from the secured party;

16 4. Does not entitle the secured party to use or assign the debtor's
17 rights under the promissory note, health-care-insurance receivable or general
18 intangible, including any related information or materials furnished to the
19 debtor in the transaction giving rise to the promissory note,
20 health-care-insurance receivable or general intangible;

21 5. Does not entitle the secured party to use, assign, possess or have
22 access to any trade secrets or confidential information of the person
23 obligated on the promissory note or the account debtor; and

24 6. Does not entitle the secured party to enforce the security interest
25 in the promissory note, health-care-insurance receivable or general
26 intangible.

27 E. This section prevails over any inconsistent provisions in title 33,
28 chapter 7.

29 Sec. 12. Section 47-9502, Arizona Revised Statutes, is amended to
30 read:

31 47-9502. Contents of financing statement; record of mortgage as
32 financing statement; time of filing financing
33 statement

34 A. Subject to subsection B of this section, a financing statement is
35 sufficient only if it:

36 1. Provides the name of the debtor;

37 2. Provides the name of the secured party or a representative of the
38 secured party; and

39 3. Indicates the collateral covered by the financing statement.

40 B. Except as otherwise provided in section 47-9501, subsection B, to
41 be sufficient, a financing statement that covers as-extracted collateral or
42 timber to be cut, or that is filed as a fixture filing and covers goods that
43 are or are to become fixtures, must satisfy subsection A of this section and
44 also:

45 1. Indicate that it covers this type of collateral;

- 1 2. Indicate that it is to be filed in the real property records;
2 3. Provide a description of the real property to which the collateral
3 is related; and
4 4. If the debtor does not have an interest of record in the real
5 property, provide the name of a record owner.
6 C. A record of a mortgage is effective, from the date of recording, as
7 a financing statement filed as a fixture filing or as a financing statement
8 covering as-extracted collateral or timber to be cut only if:
9 1. The record indicates the goods or accounts that it covers;
10 2. The goods are or are to become fixtures related to the real
11 property described in the record or the collateral is related to the real
12 property described in the record and is as-extracted collateral or timber to
13 be cut;
14 3. The record satisfies the requirements for a financing statement in
15 this section, ~~other than an indication~~ BUT:
16 (a) THE RECORD NEED NOT INDICATE that it is to be filed in the real
17 property records; and
18 (b) THE RECORD SUFFICIENTLY PROVIDES THE NAME OF A DEBTOR WHO IS AN
19 INDIVIDUAL IF IT PROVIDES THE INDIVIDUAL NAME OF THE DEBTOR OR THE SURNAME
20 AND FIRST PERSONAL NAME OF THE DEBTOR, EVEN IF THE DEBTOR IS AN INDIVIDUAL TO
21 WHOM SECTION 47-9503, SUBSECTION A, PARAGRAPH 4 APPLIES; AND
22 4. The record is recorded.
23 D. A financing statement may be filed before a security agreement is
24 made or a security interest otherwise attaches.
25 Sec. 13. Section 47-9503, Arizona Revised Statutes, is amended to
26 read:
27 47-9503. Name of debtor and secured party: definition
28 A. A financing statement sufficiently provides the name of the debtor:
29 1. EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, if
30 the debtor is a registered organization OR THE COLLATERAL IS HELD IN A TRUST
31 THAT IS A REGISTERED ORGANIZATION, only if the financing statement provides
32 the name ~~of the debtor indicated~~ THAT IS STATED TO BE THE REGISTERED
33 ORGANIZATION'S NAME on the public ORGANIC record ~~of~~ MOST RECENTLY FILED WITH
34 OR ISSUED OR ENACTED BY the ~~debtor's~~ REGISTERED ORGANIZATION'S jurisdiction
35 of organization that ~~shows the debtor to have been organized~~ PURPORTS TO
36 STATE, AMEND OR RESTATE THE REGISTERED ORGANIZATION'S NAME;
37 2. SUBJECT TO SUBSECTION F OF THIS SECTION, if the ~~debtor is a~~
38 ~~decedent's estate~~ COLLATERAL IS BEING ADMINISTERED BY THE PERSONAL
39 REPRESENTATIVE OF A DECEDENT, only if the financing statement provides AS THE
40 NAME OF THE DEBTOR, the name of the decedent and, IN A SEPARATE PART OF THE
41 FINANCING STATEMENT, indicates that the ~~debtor is an estate~~ COLLATERAL IS
42 BEING ADMINISTERED BY A PERSONAL REPRESENTATIVE;
43 3. If the COLLATERAL IS HELD IN A TRUST THAT IS NOT A REGISTERED
44 ORGANIZATION, ONLY IF THE FINANCING STATEMENT: ~~debtor is a trust or a~~

1 ~~trustee acting with respect to property held in trust, only if the financing~~
2 ~~statement:~~

3 ~~(a) Provides the name specified for the trust in its organic documents~~
4 ~~or, if no name is specified, provides the name of the settlor and additional~~
5 ~~information sufficient to distinguish the debtor from other trusts having one~~
6 ~~or more of the same settlors; and~~

7 ~~(b) Indicates, in the debtor's name or otherwise, that the debtor is a~~
8 ~~trust or is a trustee acting with respect to property held in trust; and~~

9 (a) PROVIDES, AS THE NAME OF THE DEBTOR:

10 (i) IF THE ORGANIC RECORD OF THE TRUST SPECIFIES A NAME FOR THE TRUST,
11 THE NAME SPECIFIED; OR

12 (ii) IF THE ORGANIC RECORD OF THE TRUST DOES NOT SPECIFY A NAME FOR
13 THE TRUST, THE NAME OF THE SETTLOR OR TESTATOR; AND

14 (b) IN A SEPARATE PART OF THE FINANCING STATEMENT:

15 (i) IF THE NAME IS PROVIDED IN ACCORDANCE WITH SUBDIVISION (a), ITEM
16 (i) OF THIS PARAGRAPH, INDICATES THAT THE COLLATERAL IS HELD IN A TRUST; OR

17 (ii) IF THE NAME IS PROVIDED IN ACCORDANCE WITH SUBDIVISION (a), ITEM
18 (ii) OF THIS PARAGRAPH, PROVIDES ADDITIONAL INFORMATION SUFFICIENT TO
19 DISTINGUISH THE TRUST FROM OTHER TRUSTS HAVING ONE OR MORE OF THE SAME
20 SETTLORS OR THE SAME TESTATOR AND INDICATES THAT THE COLLATERAL IS HELD IN A
21 TRUST, UNLESS THE ADDITIONAL INFORMATION SO INDICATES;

22 4. SUBJECT TO SUBSECTION G OF THIS SECTION, IF THE DEBTOR IS AN
23 INDIVIDUAL TO WHOM THIS STATE HAS ISSUED A DRIVER LICENSE THAT HAS NOT
24 EXPIRED, ONLY IF THE FINANCING STATEMENT PROVIDES THE NAME OF THE INDIVIDUAL
25 THAT IS INDICATED ON THE DRIVER LICENSE;

26 5. IF THE DEBTOR IS AN INDIVIDUAL TO WHOM PARAGRAPH 4 OF THIS
27 SUBSECTION DOES NOT APPLY, ONLY IF THE FINANCING STATEMENT PROVIDES THE
28 INDIVIDUAL NAME OF THE DEBTOR OR THE SURNAME AND FIRST PERSONAL NAME OF THE
29 DEBTOR; AND

30 ~~4-~~ 6. In other cases:

31 (a) If the debtor has a name, only if ~~it~~ THE FINANCING STATEMENT
32 provides the ~~individual or~~ organizational name of the debtor; and

33 (b) If the debtor does not have a name, only if it provides the names
34 of the partners, members, associates or other persons comprising the debtor,
35 IN A MANNER THAT EACH NAME PROVIDED WOULD BE SUFFICIENT IF THE PERSON NAMED
36 WERE THE DEBTOR.

37 B. A financing statement that provides the name of the debtor in
38 accordance with subsection A OF THIS SECTION is not rendered ineffective by
39 the absence of:

40 1. A trade name or other name of the debtor; or

41 2. Unless required under subsection A, paragraph ~~4- 6~~, subdivision (b)
42 OF THIS SECTION, names of partners, members, associates or other persons
43 comprising the debtor.

44 C. A financing statement that provides only the debtor's trade name
45 does not sufficiently provide the name of the debtor.

1 D. Failure to indicate the representative capacity of a secured party
2 or representative of a secured party does not affect the sufficiency of a
3 financing statement.

4 E. A financing statement may provide the name of more than one debtor
5 and the name of more than one secured party.

6 F. THE NAME OF THE DECEDENT INDICATED ON THE ORDER APPOINTING THE
7 PERSONAL REPRESENTATIVE OF THE DECEDENT ISSUED BY THE COURT HAVING
8 JURISDICTION OVER THE COLLATERAL IS SUFFICIENT AS THE "NAME OF THE DECEDENT"
9 UNDER SUBSECTION A, PARAGRAPH 2 OF THIS SECTION.

10 G. IF THIS STATE HAS ISSUED TO AN INDIVIDUAL MORE THAN ONE DRIVER
11 LICENSE OF A KIND DESCRIBED IN SUBSECTION A, PARAGRAPH 4 OF THIS SECTION, THE
12 ONE THAT WAS ISSUED MOST RECENTLY IS THE ONE TO WHICH SUBSECTION A, PARAGRAPH
13 4 OF THIS SECTION REFERS.

14 H. IN THIS SECTION, "NAME OF THE SETTLOR OR TESTATOR" MEANS:

15 1. IF THE SETTLOR IS A REGISTERED ORGANIZATION, THE NAME THAT IS
16 STATED TO BE THE SETTLOR'S NAME ON THE PUBLIC ORGANIC RECORD MOST RECENTLY
17 FILED WITH OR ISSUED OR ENACTED BY THE SETTLOR'S JURISDICTION OF ORGANIZATION
18 THAT PURPORTS TO STATE, AMEND OR RESTATE THE SETTLOR'S NAME; OR

19 2. IN OTHER CASES, THE NAME OF THE SETTLOR OR TESTATOR INDICATED IN
20 THE TRUST'S ORGANIC RECORD.

21 Sec. 14. Section 47-9507, Arizona Revised Statutes, is amended to
22 read:

23 47-9507. Effect of certain events on effectiveness of financing
24 statement

25 A. A filed financing statement remains effective with respect to
26 collateral that is sold, exchanged, leased, licensed or otherwise disposed of
27 and in which a security interest or agricultural lien continues, even if the
28 secured party knows of or consents to the disposition.

29 B. Except as otherwise provided in subsection C of this section and
30 section 47-9508, a financing statement is not rendered ineffective if, after
31 the financing statement is filed, the information provided in the financing
32 statement becomes seriously misleading under section 47-9506.

33 C. If ~~a debtor so changes it's~~ the name that a filed financing
34 statement PROVIDES FOR A DEBTOR becomes INSUFFICIENT AS THE NAME OF THE
35 DEBTOR UNDER SECTION 47-9503, SUBSECTION A SO THAT THE FINANCING STATEMENT
36 BECOMES seriously misleading under section 47-9506:

37 1. The financing statement is effective to perfect a security interest
38 in collateral acquired by the debtor before, or within four months after, the
39 ~~change~~ FILED FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING; and

40 2. The financing statement is not effective to perfect a security
41 interest in collateral acquired by the debtor more than four months after the
42 ~~change~~ FILED FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING, unless an
43 amendment to the financing statement that renders the financing statement not
44 seriously misleading is filed within four months after the ~~change~~ FINANCING
45 STATEMENT BECAME SERIOUSLY MISLEADING.

1 Sec. 15. Section 47-9515, Arizona Revised Statutes, is amended to
2 read:

3 47-9515. Duration and effectiveness of financing statement:
4 effect of lapsed financing statement

5 A. Except as otherwise provided in subsections B, E, F and G of this
6 section, a filed financing statement is effective for a period of five years
7 after the date of filing.

8 B. Except as otherwise provided in subsections E, F and G of this
9 section, an initial financing statement filed in connection with a
10 manufactured home transaction is effective for a period of thirty years after
11 the date of filing if it indicates that it is filed in connection with a
12 manufactured home transaction.

13 C. The effectiveness of a filed financing statement lapses on the
14 expiration of the period of its effectiveness unless before the lapse a
15 continuation statement is filed pursuant to subsection D of this section.
16 Upon lapse, a financing statement ceases to be effective and any security
17 interest or agricultural lien that was perfected by the financing statement
18 becomes unperfected, unless the security interest is perfected otherwise. If
19 the security interest or agricultural lien becomes unperfected upon lapse, it
20 is deemed never to have been perfected as against a purchaser of the
21 collateral for value.

22 D. A continuation statement may be filed only within six months before
23 the expiration of the five year period specified in subsection A of this
24 section or the thirty year period specified in subsection B of this section,
25 whichever is applicable.

26 E. Except as otherwise provided in section 47-9510, on timely filing
27 of a continuation statement, the effectiveness of the initial financing
28 statement continues for a period of five years commencing on the day on which
29 the financing statement would have become ineffective in the absence of the
30 filing. On the expiration of the five year period, the financing statement
31 lapses in the same manner as provided in subsection C of this section,
32 unless, before the lapse, another continuation statement is filed pursuant to
33 subsection D of this section. Succeeding continuation statements may be
34 filed in the same manner to continue the effectiveness of the initial
35 financing statement.

36 F. If a debtor is a transmitting utility and a filed INITIAL financing
37 statement so indicates, the financing statement is effective until a
38 termination statement is filed.

39 G. A record of a mortgage that is effective as a financing statement
40 filed as a fixture filing under section 47-9502, subsection C remains
41 effective as a financing statement filed as a fixture filing until the
42 mortgage is released or satisfied of record or its effectiveness otherwise
43 terminates as to the real property.

1 Sec. 16. Section 47-9516, Arizona Revised Statutes, is amended to
2 read:

3 47-9516. What constitutes filing; effectiveness of filing

4 A. Except as otherwise provided in subsection B of this section,
5 communication of a record to a filing office and tender of the filing fee or
6 acceptance of the record by the filing office constitutes filing.

7 B. Filing does not occur with respect to a record that a filing office
8 refuses to accept because:

9 1. The record is not communicated by a method or medium of
10 communication authorized by the filing office;

11 2. An amount equal to or greater than the applicable filing fee is not
12 tendered;

13 3. The filing office is unable to index the record because:

14 (a) In the case of an initial financing statement, the record does not
15 provide a name for the debtor;

16 (b) In the case of an amendment or ~~correction~~ INFORMATION statement,
17 the record:

18 (i) Does not identify the initial financing statement as required by
19 section 47-9512 or 47-9518, as applicable; or

20 (ii) Identifies an initial financing statement whose effectiveness has
21 lapsed under section 47-9515;

22 (c) In the case of an initial financing statement that provides the
23 name of a debtor identified as an individual or an amendment that provides a
24 name of a debtor identified as an individual that was not previously provided
25 in the financing statement to which the record relates, the record does not
26 identify the debtor's ~~last name~~ SURNAME; or

27 (d) In the case of a record filed or recorded in the filing office
28 described in section 47-9501, subsection A, paragraph 1, the record does not
29 provide a sufficient description of the real property to which it relates;

30 4. In the case of an initial financing statement or an amendment that
31 adds a secured party of record, the record does not provide a name and
32 mailing address for the secured party of record;

33 5. In the case of an initial financing statement or an amendment that
34 provides a name of a debtor that was not previously provided in the financing
35 statement to which the amendment relates, the record does not:

36 (a) Provide a mailing address for the debtor; OR

37 (b) Indicate whether the NAME PROVIDED AS THE NAME OF THE debtor is
38 THE NAME OF an individual or an organization; ~~or~~

39 ~~(c) If the financing statement indicates that the debtor is an
40 organization, provide:~~

41 ~~(i) A type of organization for the debtor;~~

42 ~~(ii) A jurisdiction of organization for the debtor;~~

43 ~~(iii) An organizational identification number for the debtor or
44 indicate that the debtor has none;~~

1 6. In the case of an assignment reflected in an initial financing
2 statement under section 47-9514, subsection A or an amendment filed under
3 section 47-9514, subsection B, the record does not provide a name and mailing
4 address for the assignee; or

5 7. In the case of a continuation statement, the record is not filed
6 within the six month period prescribed by section 47-9515, subsection D.

7 C. For **THE** purposes of subsection B of this section:

8 1. A record does not provide information if the filing office is
9 unable to read or decipher the information; and

10 2. A record that does not indicate that it is an amendment or identify
11 an initial financing statement to which it relates, as required by section
12 47-9512, 47-9514 or 47-9518, is an initial financing statement.

13 D. A record that is communicated to the filing office with tender of
14 the filing fee, but that the filing office refuses to accept for a reason
15 other than one set forth in subsection B of this section, is effective as a
16 filed record except as against a purchaser of the collateral that gives value
17 in reasonable reliance on the absence of the record from the files.

18 Sec. 17. Section 47-9518, Arizona Revised Statutes, is amended to
19 read:

20 47-9518. Claim concerning inaccurate or wrongfully filed record

21 A. A person may file in the filing office ~~a correction~~ **AN INFORMATION**
22 statement with respect to a record indexed there under the person's name if
23 the person believes that the record is inaccurate or was wrongfully filed.

24 B. ~~A correction~~ **AN INFORMATION** statement **UNDER SUBSECTION A OF THIS**
25 **SECTION** must:

26 1. Identify the record to which it relates by the file number assigned
27 to the initial financing statement to which the record relates;

28 2. If the correction statement relates to a record filed or recorded
29 in a filing office described in section 47-9501, subsection A, paragraph 1,
30 identify the name of the debtor provided in the initial financing statement
31 and the information specified in section 47-9502, subsection B~~;~~ ;

32 3. Indicate that it is ~~a correction~~ **AN INFORMATION** statement; and

33 4. Provide the basis for the person's belief that the record is
34 inaccurate and indicate the manner in which the person believes the record
35 should be amended to cure any inaccuracy or provide the basis for the
36 person's belief that the record was wrongfully filed.

37 **C. A PERSON MAY FILE IN THE FILING OFFICE AN INFORMATION STATEMENT**
38 **WITH RESPECT TO A RECORD FILED THERE IF THE PERSON IS A SECURED PARTY OF**
39 **RECORD WITH RESPECT TO THE FINANCING STATEMENT TO WHICH THE RECORD RELATES**
40 **AND BELIEVES THAT THE PERSON THAT FILED THE RECORD WAS NOT ENTITLED TO DO SO**
41 **UNDER SECTION 47-9509, SUBSECTION D.**

42 **D. AN INFORMATION STATEMENT UNDER SUBSECTION C OF THIS SECTION MUST:**

43 1. **IDENTIFY THE RECORD TO WHICH IT RELATES BY THE FILE NUMBER ASSIGNED**
44 **TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES;**

45 2. **INDICATE THAT IT IS AN INFORMATION STATEMENT; AND**

1 3. PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE PERSON THAT
2 FILED THE RECORD WAS NOT ENTITLED TO DO SO UNDER SECTION 47-9509,
3 SUBSECTION D.

4 ~~C.~~ E. The filing of ~~a correction~~ AN INFORMATION statement does not
5 affect the effectiveness of an initial financing statement or other filed
6 record.

7 Sec. 18. Repeal

8 Section 47-9521, Arizona Revised Statutes, is repealed.

9 Sec. 19. Title 47, chapter 9, article 5, Arizona Revised Statutes, is
10 amended by adding a new section 47-9521, to read:

11 47-9521. Uniform form of written financing statement and
12 amendment

13 A. A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO
14 ACCEPT A WRITTEN INITIAL FINANCING STATEMENT IN THE FORM AND FORMAT SET FORTH
15 IN THE OFFICIAL TEXT OF THE 2014 AMENDMENTS TO ARTICLE 9 OF THE UNIFORM
16 COMMERCIAL CODE PROMULGATED BY THE AMERICAN LAW INSTITUTE AND THE NATIONAL
17 CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS EXCEPT FOR A REASON SET
18 FORTH IN SECTION 47-9516, SUBSECTION B.

19 B. A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO
20 ACCEPT A WRITTEN RECORD IN THE FORM AND FORMAT SET FORTH AS FORM UCC3 AND
21 FORM UCC3Ad IN THE FINAL OFFICIAL TEXT OF THE 2014 AMENDMENTS TO ARTICLE 9 OF
22 THE UNIFORM COMMERCIAL CODE PROMULGATED BY THE AMERICAN LAW INSTITUTE AND THE
23 NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS EXCEPT FOR A
24 REASON SET FORTH IN SECTION 47-9516, SUBSECTION B.

25 Sec. 20. Section 47-9607, Arizona Revised Statutes, is amended to
26 read:

27 47-9607. Collection and enforcement by secured party

28 A. If so agreed, and in any event after default, a secured party:

29 1. May notify an account debtor or other person obligated on
30 collateral to make payment or otherwise render performance to or for the
31 benefit of the secured party;

32 2. May take any proceeds to which the secured party is entitled under
33 section 47-9315;

34 3. May enforce the obligations of an account debtor or other person
35 obligated on collateral and exercise the rights of the debtor with respect to
36 the obligation of the account debtor or other person obligated on collateral
37 to make payment or otherwise render performance to the debtor, and with
38 respect to any property that secures the obligations of the account debtor or
39 other person obligated on the collateral;

40 4. If it holds a security interest in a deposit account perfected by
41 control under section 47-9104, subsection A, paragraph 1, may apply the
42 balance of the deposit account to the obligation secured by the deposit
43 account; and

44 5. If it holds a security interest in a deposit account perfected by
45 control under section 47-9104, subsection A, paragraph 2 or 3, may instruct

1 the bank to pay the balance of the deposit account to or for the benefit of
2 the secured party.

3 B. If necessary to enable a secured party to exercise under subsection
4 A, paragraph 3 of this section the right of a debtor to enforce a mortgage
5 nonjudicially, the secured party may record in the office in which a record
6 of the mortgage is recorded:

7 1. A copy of the security agreement that creates or provides for a
8 security interest in the obligation secured by the mortgage; and

9 2. The secured party's sworn affidavit in recordable form stating
10 that:

11 (a) A default has occurred WITH RESPECT TO THE OBLIGATION SECURED BY
12 THE MORTGAGE; and

13 (b) The secured party is entitled to enforce the mortgage
14 nonjudicially.

15 C. A secured party shall proceed in a commercially reasonable manner
16 if the secured party:

17 1. Undertakes to collect from or enforce an obligation of an account
18 debtor or other person obligated on collateral; and

19 2. Is entitled to charge back uncollected collateral or otherwise to
20 full or limited recourse against the debtor or a secondary obligor.

21 D. A secured party may deduct from the collections made pursuant to
22 subsection C of this section reasonable expenses of collection and
23 enforcement, including reasonable attorney fees and legal expenses incurred
24 by the secured party.

25 E. This section does not determine whether an account debtor, bank or
26 other person obligated on collateral owes a duty to a secured party.

27 Sec. 21. Heading change

28 The article heading of title 47, chapter 9, article 7, Arizona Revised
29 Statutes, is changed from "TRANSITION" to "2001 TRANSITION".

30 Sec. 22. Section 47-9701, Arizona Revised Statutes, is amended to
31 read:

32 47-9701. Effective date

33 This chapter, AS ADDED IN 1999, takes effect on July 1, 2001.

34 Sec. 23. Section 47-9702, Arizona Revised Statutes, is amended to
35 read:

36 47-9702. Savings clause

37 A. Except as otherwise provided in this article, this chapter, AS
38 ADDED IN 1999, applies to a transaction or lien within its scope, even if the
39 transaction or lien was entered into or created before ~~this chapter takes~~
40 ~~effect~~ JULY 1, 2001.

41 B. Except as otherwise provided in subsection C of this section and
42 sections 47-9703 through 47-9709:

43 1. Transactions and liens that were not governed by ~~the former~~ chapter
44 9 of this title AS IT EXISTED BEFORE JULY 1, 2001, were validly entered into
45 or created before July 1, 2001 and would be subject to this chapter, AS ADDED

1 IN 1999, if they had been entered into or created after July 1, 2001, and the
2 rights, duties and interests flowing from those transactions and liens remain
3 valid after July 1, 2001; and

4 2. The transactions and liens may be terminated, completed,
5 consummated and enforced as required or permitted by this chapter, AS ADDED
6 IN 1999, or by the law that otherwise would apply if this chapter had not
7 taken effect.

8 C. This chapter, AS ADDED IN 1999, does not affect an action, case or
9 proceeding commenced before July 1, 2001.

10 Sec. 24. Section 47-9703, Arizona Revised Statutes, is amended to
11 read:

12 47-9703. Security interest perfected before effective date

13 A. A security interest that is enforceable immediately before July 1,
14 2001 and would have priority over the rights of a person that becomes a lien
15 creditor at that time is a perfected security interest under this chapter, AS
16 ADDED IN 1999, if, on July 1, 2001, the applicable requirements for
17 enforceability and perfection under this chapter, AS ADDED IN 1999, are
18 satisfied without further action.

19 B. Except as otherwise provided in section 47-9705, if, immediately
20 before July 1, 2001, a security interest is enforceable and would have
21 priority over the rights of a person that becomes a lien creditor at that
22 time, but the applicable requirements for enforceability or perfection under
23 this chapter, AS ADDED IN 1999, are not satisfied on July 1, 2001, the
24 security interest:

- 25 1. Is a perfected security interest for one year after July 1, 2001;
- 26 2. Remains enforceable thereafter only if the security interest
27 becomes enforceable under section 47-9203 before the year expires; and
- 28 3. Remains perfected thereafter only if the applicable requirements
29 for perfection under this chapter, AS ADDED IN 1999, are satisfied before the
30 year expires.

31 Sec. 25. Section 47-9704, Arizona Revised Statutes, is amended to
32 read:

33 47-9704. Security interest unperfected before effective date

34 A security interest that is enforceable immediately before July 1, 2001
35 but that would be subordinate to the rights of a person that becomes a lien
36 creditor at that time:

- 37 1. Remains an enforceable security interest for one year after July 1,
38 2001;
- 39 2. Remains enforceable thereafter if the security interest becomes
40 enforceable under section 47-9203 on July 1, 2001 or within one year
41 thereafter; and
- 42 3. Becomes perfected:
 - 43 (a) Without further action, on July 1, 2001 if the applicable
44 requirements for perfection under this chapter, AS ADDED IN 1999, are
45 satisfied before or at that time; or

1 (b) When the applicable requirements for perfection are satisfied if
2 the requirements are satisfied after that time.

3 Sec. 26. Section 47-9705, Arizona Revised Statutes, is amended to
4 read:

5 47-9705. Effectiveness of action taken before effective date

6 A. If action, other than the filing of a financing statement, is taken
7 before July 1, 2001 and the action would have resulted in priority of a
8 security interest over the rights of a person that becomes a lien creditor
9 had the security interest become enforceable before July 1, 2001, the action
10 is effective to perfect a security interest that attaches under this chapter,
11 AS ADDED IN 1999, within one year after July 1, 2001. An attached security
12 interest becomes unperfected one year after July 1, 2001 unless the security
13 interest becomes a perfected security interest under this chapter, AS ADDED
14 IN 1999, before the expiration of that period.

15 B. The filing of a financing statement before July 1, 2001 is
16 effective to perfect a security interest to the extent the filing would
17 satisfy the applicable requirements for perfection under this chapter, AS
18 ADDED IN 1999.

19 C. This chapter, AS ADDED IN 1999, does not render ineffective an
20 effective financing statement that before July 1, 2001 is filed and satisfies
21 the applicable requirements for perfection under the law of the jurisdiction
22 governing perfection as provided in former section 47-9103. However, except
23 as otherwise provided in subsections D and E of this section and section
24 47-9706, the financing statement ceases to be effective at the earlier of:

- 25 1. The time the financing statement would have ceased to be effective
26 under the law of the jurisdiction in which it is filed; or
- 27 2. June 30, 2007.

28 D. The filing of a continuation statement after July 1, 2001 does not
29 continue the effectiveness of the financing statement filed before July 1,
30 2001. However, on the timely filing of a continuation statement after July
31 1, 2001 and in accordance with the law of the jurisdiction governing
32 perfection as provided in article 3 of this chapter, AS ADDED IN 1999, the
33 effectiveness of a financing statement filed in the same office in that
34 jurisdiction before July 1, 2001 continues for the period provided by the law
35 of that jurisdiction.

36 E. Subsection C, paragraph 2 of this section applies to a financing
37 statement that before July 1, 2001 is filed against a transmitting utility
38 and satisfies the applicable requirements for perfection under the law of the
39 jurisdiction governing perfection as provided in former section 47-9103 only
40 to the extent that article 3 of this chapter, AS ADDED IN 1999, provides that
41 the law of a jurisdiction other than the jurisdiction in which the financing
42 statement is filed governs perfection of a security interest in collateral
43 covered by the financing statement.

44 F. A financing statement that includes a financing statement filed
45 before July 1, 2001 and a continuation statement filed after July 1, 2001 is

1 effective only to the extent that it satisfies the requirements of article 5
2 of this chapter, AS ADDED IN 1999, for an initial financing statement.

3 Sec. 27. Section 47-9706, Arizona Revised Statutes, is amended to
4 read:

5 47-9706. When initial financing statement suffices as
6 continuation statement

7 A. The filing of an initial financing statement in the office
8 specified in section 47-9501 continues the effectiveness of a financing
9 statement filed before July 1, 2001 if:

10 1. The filing of an initial financing statement in that office would
11 be effective to perfect a security interest under this chapter, AS ADDED IN
12 1999;

13 2. The pre-effective date financing statement was filed in an office
14 in another state or another office in this state; and

15 3. The initial financing statement satisfies subsection B of this
16 section.

17 B. The filing of an initial financing statement under subsection A of
18 this section continues the effectiveness of the pre-effective date financing
19 statement:

20 1. If the initial financing statement is filed before July 1, 2001,
21 for the period provided in former section 47-9403 with respect to a financing
22 statement; and

23 2. If the initial financing statement is filed before July 1, 2001,
24 for the period provided in section 47-9515 with respect to an initial
25 financing statement.

26 C. To be effective for purposes of subsection A of this section, an
27 initial financing statement must:

28 1. Satisfy the requirements of article 5 of this chapter, AS ADDED IN
29 1999, for an initial financing statement;

30 2. Identify the pre-effective date financing statement by indicating
31 the office in which the financing statement was filed and providing the dates
32 of filing and file numbers, if any, of the financing statement and of the
33 most recent continuation statement filed with respect to the financing
34 statement; and

35 3. Indicate that the pre-effective date financing statement remains
36 effective.

37 Sec. 28. Section 47-9707, Arizona Revised Statutes, is amended to
38 read:

39 47-9707. Amendment of pre-effective-date financing statement;
40 definition

41 A. In this section, "pre-effective-date financing statement" means a
42 financing statement filed before July 1, 2001.

43 B. After July 1, 2001, a person may add or delete collateral covered
44 by, continue or terminate the effectiveness of, or otherwise amend the
45 information provided in, a pre-effective-date financing statement only in

1 accordance with the law of the jurisdiction governing perfection as provided
2 in article 3 of this chapter, **AS ADDED IN 1999**. However, the effectiveness
3 of a pre-effective-date financing statement also may be terminated in
4 accordance with the law of the jurisdiction in which the financing statement
5 is filed.

6 C. Except as otherwise provided in subsection D of this section, if
7 the law of this state governs perfection of a security interest, the
8 information in a pre-effective-date financing statement may be amended after
9 July 1, 2001 only if:

10 1. The pre-effective-date financing statement and an amendment are
11 filed in the office specified in section 47-9501;

12 2. An amendment is filed in the office specified in section 47-9501
13 concurrently with, or after the filing in that office of, an initial
14 financing statement that satisfies section 47-9706, subsection C; or

15 3. An initial financing statement that provides the information as
16 amended and satisfies section 47-9706, subsection C and that is filed in the
17 office specified in section 47-9501.

18 D. If the law of this state governs perfection of a security interest,
19 the effectiveness of a pre-effective-date financing statement may be
20 continued only under section 47-9705, subsections D and F or section 47-9706.

21 E. Whether or not the law of this state governs perfection of a
22 security interest, the effectiveness of a pre-effective-date financing
23 statement filed in this state may be terminated after July 1, 2001 by filing
24 a termination statement in the office in which the pre-effective-date
25 financing statement is filed, unless an initial financing statement that
26 satisfies section 47-9706, subsection C has been filed in the office
27 specified by the law of the jurisdiction governing perfection as provided in
28 article 3 of this chapter, **AS ADDED IN 1999**, as the office in which to file a
29 financing statement.

30 Sec. 29. Section 47-9709, Arizona Revised Statutes, is amended to
31 read:

32 **47-9709. Priority**

33 A. This chapter, **AS ADDED IN 1999**, determines the priority of
34 conflicting claims to collateral. However, if the relative priorities of the
35 claims were established before July 1, 2001, ~~former~~ chapter 9 of this title
36 **AS IT EXISTED BEFORE JULY 1, 2001** determines priority.

37 B. For purposes of section 47-9322, subsection A, the priority of a
38 security interest that becomes enforceable under section 47-9203 dates from
39 July 1, 2001 if the security interest is perfected under this chapter, **AS**
40 **ADDED IN 1999**, by the filing of a financing statement before July 1, 2001
41 that would not have been effective to perfect the security interest under
42 ~~former~~ chapter 9 of this title **AS IT EXISTED BEFORE JULY 1, 2001**. This
43 subsection does not apply to conflicting security interests each of which is
44 perfected by the filing of such a financing statement.

1 Sec. 30. Title 47, chapter 9, Arizona Revised Statutes, is amended by
2 adding article 8, to read:

3 ARTICLE 8. 2014 TRANSITION

4 47-9801. Savings clause

5 A. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, AS AMENDED IN 2014,
6 THIS CHAPTER, AS AMENDED IN 2014, APPLIES TO A TRANSACTION OR LIEN WITHIN ITS
7 SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR CREATED BEFORE THE
8 EFFECTIVE DATE OF THIS SECTION.

9 B. THIS CHAPTER, AS AMENDED IN 2014, DOES NOT AFFECT AN ACTION, CASE,
10 OR PROCEEDING COMMENCED BEFORE THE EFFECTIVE DATE OF THIS SECTION.

11 47-9802. Security interest perfected before effective date

12 A. A SECURITY INTEREST THAT IS A PERFECTED SECURITY INTEREST
13 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS SECTION IS A PERFECTED SECURITY
14 INTEREST UNDER THIS CHAPTER, AS AMENDED IN 2014, IF, ON THE EFFECTIVE DATE OF
15 THIS SECTION, THE APPLICABLE REQUIREMENTS FOR ATTACHMENT AND PERFECTION UNDER
16 THIS CHAPTER, AS AMENDED IN 2014, ARE SATISFIED WITHOUT FURTHER ACTION.

17 B. EXCEPT AS OTHERWISE PROVIDED IN SECTION 47-9804, IF, IMMEDIATELY
18 BEFORE THE EFFECTIVE DATE OF THIS SECTION, A SECURITY INTEREST IS A PERFECTED
19 SECURITY INTEREST, BUT THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS
20 CHAPTER, AS AMENDED IN 2014, ARE NOT SATISFIED ON THE EFFECTIVE DATE OF THIS
21 SECTION, THE SECURITY INTEREST REMAINS PERFECTED THEREAFTER ONLY IF THE
22 APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER, AS AMENDED IN
23 2014, ARE SATISFIED WITHIN ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION.

24 47-9803. Security interest unperfected before effective date

25 A SECURITY INTEREST THAT IS AN UNPERFECTED SECURITY INTEREST
26 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS SECTION BECOMES A PERFECTED
27 SECURITY INTEREST:

28 1. WITHOUT FURTHER ACTION, ON THE EFFECTIVE DATE OF THIS SECTION IF
29 THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER, AS AMENDED IN
30 2014, ARE SATISFIED BEFORE OR AT THAT TIME; OR

31 2. WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE SATISFIED IF
32 THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

33 47-9804. Effectiveness of action taken before effective date

34 A. THE FILING OF A FINANCING STATEMENT BEFORE THE EFFECTIVE DATE OF
35 THIS SECTION IS EFFECTIVE TO PERFECT A SECURITY INTEREST TO THE EXTENT THE
36 FILING WOULD SATISFY THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS
37 CHAPTER, AS AMENDED IN 2014.

38 B. THIS CHAPTER, AS AMENDED IN 2014, DOES NOT RENDER INEFFECTIVE AN
39 EFFECTIVE FINANCING STATEMENT THAT, BEFORE THE EFFECTIVE DATE OF THIS
40 SECTION, IS FILED AND SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION
41 UNDER THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN THIS
42 CHAPTER, AS ADDED IN 1999. HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN
43 SUBSECTIONS C AND D OF THIS SECTION AND SECTION 47-9805, THE FINANCING
44 STATEMENT CEASES TO BE EFFECTIVE:

1 1. IF THE FINANCING STATEMENT IS FILED IN THIS STATE, AT THE TIME THE
2 FINANCING STATEMENT WOULD HAVE CEASED TO BE EFFECTIVE HAD THE 2014 AMENDMENTS
3 TO THIS CHAPTER NOT TAKEN EFFECT; OR

4 2. IF THE FINANCING STATEMENT IS FILED IN ANOTHER JURISDICTION, AT THE
5 EARLIER OF:

6 (a) THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO BE EFFECTIVE
7 UNDER THE LAW OF THAT JURISDICTION; OR

8 (b) AUGUST 31, 2019.

9 C. THE FILING OF A CONTINUATION STATEMENT ON OR AFTER THE EFFECTIVE
10 DATE OF THIS SECTION DOES NOT CONTINUE THE EFFECTIVENESS OF A FINANCING
11 STATEMENT FILED BEFORE THE EFFECTIVE DATE OF THIS SECTION. HOWEVER, ON THE
12 TIMELY FILING OF A CONTINUATION STATEMENT ON OR AFTER THE EFFECTIVE DATE OF
13 THIS SECTION AND IN ACCORDANCE WITH THE LAW OF THE JURISDICTION GOVERNING
14 PERFECTION AS PROVIDED IN THIS CHAPTER AS AMENDED IN 2014, THE EFFECTIVENESS
15 OF A FINANCING STATEMENT FILED IN THE SAME OFFICE IN THAT JURISDICTION BEFORE
16 THE EFFECTIVE DATE OF THIS SECTION CONTINUES FOR THE PERIOD PROVIDED BY THE
17 LAW OF THAT JURISDICTION.

18 D. SUBSECTION B, PARAGRAPH 2, SUBDIVISION (b) OF THIS SECTION APPLIES
19 TO A FINANCING STATEMENT THAT, BEFORE THE EFFECTIVE DATE OF THIS SECTION, IS
20 FILED AGAINST A TRANSMITTING UTILITY AND SATISFIES THE APPLICABLE
21 REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE JURISDICTION GOVERNING
22 PERFECTION AS PROVIDED IN THIS CHAPTER AS ADDED IN 1999, ONLY TO THE EXTENT
23 THAT THIS CHAPTER, AS AMENDED IN 2014, PROVIDES THAT THE LAW OF A
24 JURISDICTION OTHER THAN THE JURISDICTION IN WHICH THE FINANCING STATEMENT IS
25 FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN COLLATERAL COVERED BY THE
26 FINANCING STATEMENT.

27 E. A FINANCING STATEMENT THAT INCLUDES A FINANCING STATEMENT FILED
28 BEFORE THE EFFECTIVE DATE OF THIS SECTION AND A CONTINUATION STATEMENT FILED
29 AFTER ONE MONTH BEFORE THE EFFECTIVE DATE OF THIS SECTION IS EFFECTIVE ONLY
30 TO THE EXTENT THAT IT SATISFIES THE REQUIREMENTS OF ARTICLE 5 OF THIS
31 CHAPTER, AS AMENDED IN 2014, FOR AN INITIAL FINANCING STATEMENT. A FINANCING
32 STATEMENT THAT INDICATES THAT THE DEBTOR IS A DECEDENT'S ESTATE INDICATES
33 THAT THE COLLATERAL IS BEING ADMINISTERED BY A PERSONAL REPRESENTATIVE WITHIN
34 THE MEANING OF SECTION 47-9503, SUBSECTION A, PARAGRAPH 2, AS AMENDED IN
35 2014. A FINANCING STATEMENT THAT INDICATES THAT THE DEBTOR IS A TRUST OR IS
36 A TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST INDICATES THAT THE
37 COLLATERAL IS HELD IN A TRUST WITHIN THE MEANING OF SECTION 47-9503,
38 SUBSECTION A, PARAGRAPH 3, AS AMENDED IN 2014.

39 47-9805. When initial financing statement suffices to continue
40 effectiveness of financing statement

41 A. THE FILING OF AN INITIAL FINANCING STATEMENT IN THE OFFICE
42 SPECIFIED IN SECTION 47-9501 CONTINUES THE EFFECTIVENESS OF A FINANCING
43 STATEMENT FILED BEFORE THE EFFECTIVE DATE OF THIS SECTION IF:

1 2. AN AMENDMENT IS FILED IN THE OFFICE SPECIFIED IN SECTION 47-9501
2 CONCURRENTLY WITH, OR AFTER THE FILING IN THAT OFFICE OF, AN INITIAL
3 FINANCING STATEMENT THAT SATISFIES SECTION 47-9805, SUBSECTION C; OR

4 3. AN INITIAL FINANCING STATEMENT THAT PROVIDES THE INFORMATION AS
5 AMENDED AND SATISFIES SECTION 47-9805, SUBSECTION C IS FILED IN THE OFFICE
6 SPECIFIED IN SECTION 47-9501.

7 D. IF THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST,
8 THE EFFECTIVENESS OF A PRE-EFFECTIVE DATE FINANCING STATEMENT MAY BE
9 CONTINUED ONLY UNDER SECTION 47-9804, SUBSECTIONS C AND E OR SECTION 47-9805.

10 E. WHETHER OR NOT THE LAW OF THIS STATE GOVERNS PERFECTION OF A
11 SECURITY INTEREST, THE EFFECTIVENESS OF A PRE-EFFECTIVE DATE FINANCING
12 STATEMENT FILED IN THIS STATE MAY BE TERMINATED ON OR AFTER THE EFFECTIVE
13 DATE OF THIS SECTION BY FILING A TERMINATION STATEMENT IN THE OFFICE IN WHICH
14 THE PRE-EFFECTIVE DATE FINANCING STATEMENT IS FILED, UNLESS AN INITIAL
15 FINANCING STATEMENT THAT SATISFIES SECTION 47-9805, SUBSECTION C HAS BEEN
16 FILED IN THE OFFICE SPECIFIED BY THE LAW OF THE JURISDICTION GOVERNING
17 PERFECTION AS PROVIDED IN THIS CHAPTER, AS AMENDED IN 2014, AS THE OFFICE IN
18 WHICH TO FILE A FINANCING STATEMENT.

19 47-9807. Person entitled to file initial financing statement or
20 continuation statement

21 A PERSON MAY FILE AN INITIAL FINANCING STATEMENT OR A CONTINUATION
22 STATEMENT UNDER THIS ARTICLE IF:

23 1. THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; AND

24 2. THE FILING IS NECESSARY UNDER THIS ARTICLE:

25 (a) TO CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT FILED
26 BEFORE THE EFFECTIVE DATE OF THIS SECTION; OR

27 (b) TO PERFECT OR CONTINUE THE PERFECTION OF A SECURITY INTEREST.

28 47-9808. Priority

29 THIS CHAPTER, AS AMENDED IN 2014, DETERMINES THE PRIORITY OF
30 CONFLICTING CLAIMS TO COLLATERAL. HOWEVER, IF THE RELATIVE PRIORITIES OF THE
31 CLAIMS WERE ESTABLISHED BEFORE THE EFFECTIVE DATE OF THIS SECTION, THIS
32 CHAPTER, AS ADDED IN 1999, DETERMINES PRIORITY.

33 Sec. 31. Section 48-2979, Arizona Revised Statutes, is amended to
34 read:

35 48-2979. Investment and reinvestment of sinking fund

36 A. The board of directors of an irrigation district may invest and
37 reinvest all money belonging or credited to the district as a sinking
38 fund. The investment shall be made for the best interests of the district.

39 B. The funds may be invested and reinvested under the authority of the
40 federal farm credit act of 1933, or invested and reinvested in any of the
41 following:

42 1. Bonds or other evidences of indebtedness of the United States of
43 America or any of its agencies or instrumentalities when such obligations are
44 guaranteed as to principal and interest by the United States of America or by
45 any agency or instrumentality thereof.

1 2. Bonds or other evidences of indebtedness of this state, or of any
2 of the counties or incorporated cities, towns, ~~or~~ or duly organized school
3 districts of this state.

4 3. Bonds, notes or evidences of indebtedness of any county,
5 municipality, ~~or~~ or municipal district utility within this state, ~~which~~ THAT
6 are payable from revenues or earnings specifically pledged for the payment of
7 the principal and interest on such obligations, and for the payment of which
8 a lawful sinking fund or reserve fund has been established and is being
9 maintained, but only if no default in payment of principal or interest on the
10 obligations to be purchased has occurred within five years of the date of
11 investment therein, or, if such obligations were issued less than five years
12 ~~prior to~~ BEFORE the date of investment, no default in payment of principal or
13 interest has occurred on the obligations to be purchased, nor on any other
14 obligations of the issuer within five years of such investment.

15 4. Bonds, notes or evidences of indebtedness issued by any municipal
16 improvement district in this state to finance local improvements authorized
17 by law, if the principal and interest of such obligations are payable from
18 assessments on real property within such local improvement district. No such
19 investment shall be made if the face value of all such obligations, and
20 similar obligations outstanding, exceed fifty per cent of the market value of
21 the real property and improvements ~~upon~~ ON which such bonds or the
22 assessments for the payment of principal and interest thereon are liens
23 inferior only to the liens for general ad valorem property taxes. Such
24 investment shall be made only if no default in payment of principal or
25 interest on the obligations to be purchased has occurred within five years of
26 the date of investment therein, or, if such obligations were issued less than
27 five years ~~prior to~~ BEFORE the date of investment, no default in payment of
28 principal or interest has occurred on the obligations to be purchased, nor on
29 any other obligation of the issuer within five years of such investment.

30 5. Interest bearing saving accounts or certificates of deposit insured
31 in banks or savings and loan associations doing business in Arizona by the
32 federal deposit insurance corporation, or the federal savings and loan
33 insurance corporation, but only if they are secured by the depository to the
34 same extent and in the same manner as required by the general depository law
35 of the state. Security shall not be required for that portion of any deposit
36 that is insured under any law of the United States.

37 C. All money earned as interest or otherwise derived by virtue of the
38 provisions of this section shall be credited to the sinking fund.

39 D. IN ADDITION TO SUBSECTIONS A, B AND C OF THIS SECTION, THE
40 GOVERNING BODY OF A MUNICIPALITY MAY INVEST ITS SURPLUS OR IDLE FUNDS IN
41 ACCORDANCE WITH THE PROCEDURES PRESCRIBED IN SECTION 35-323.01.

42 Sec. 32. Emergency

43 This act is an emergency measure that is necessary to preserve the
44 public peace, health or safety and is operative immediately as provided by
45 law.